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CCSB

Financial Corp

ANNUAL REPORT

Dear Stockholder:

This past year will be a year that none of us will ever forget – a global pandemic, economic shutdowns, social unrest and a contentious presidential election. Despite all this, we achieved near record earnings, had substantial growth and saw a significant improvement in our stock price!

For the fiscal year ended September 30, 2020, the Company realized net income of approximately $622,000, or $0.84 per share, compared to net income of approximately $659,000, or $0.89 per share, for the fiscal year ended September 30, 2019. Earnings benefitted from strong secondary market activities in the second half of the fiscal year and the elimination of the valuation allowance on the deferred tax asset in the first quarter. However, this past fiscal year we had to overcome challenges beyond the pandemic and the resulting economic impact. Legal expenses for the fiscal year ended September 30, 2020, were a little over $119,000, compared to less than $12,000 in the prior fiscal year. The increase in legal expense is the result of lawsuits filed challenging the outcome of the results of the 2020 annual election of directors and statements made in a supplemental proxy letter sent to shareholders prior to the 2020 election. The lawsuits are still ongoing. The Company and the Board stand firm that claims in the lawsuits are without merit.

The Company also underwent significant growth this past fiscal year. Total assets increased $17.0 million, or 15.23%, in this past fiscal year, from $111.5 million at September 30, 2019, to $128.5 million at September 30, 2020. Loans, prior to the allowance for loan losses and deferred loan fees and including loans-in-process, increased $4.7 million, or 5.94%, from $78.5 million at September 30, 2019, to $83.2 million at September 30, 2020. Deposits increased $17.7 million, or 18.46%, from $95.8 million at September 30, 2019, to $113.5 million at September 30, 2020.

In addition to strong net earnings and significant asset growth, the Company saw a substantial improvement to its stock price this fiscal year. The Company's stock price increased 22.86%, from $13.65 per share, 91% of book value, as of September 30, 2019, to $16.77 per share, 108% of book value, as of September 30, 2020. The Company also paid a dividend of $0.40 per share for the 2020 fiscal year, compared to $0.28 per share for the 2019 fiscal year.

I just recently celebrated my 7th year as chief executive officer (CEO) of the Company and the Bank. Each year seems to bring on a new challenge (all of which have resulted in the Company and Bank generating a profit), but this year was unlike any other. My appointment as CEO followed one of the biggest economic downturns; however, I have never been prouder to be a community banker. Community banks have been at the forefront of helping small businesses through the current pandemic. I am even prouder to be associated with our subsidiary bank, Clay County Savings Bank. Over the next few pages, we highlight the commitment we have made to customers, employees, the community and, most of all, our commitment to you, our stockholder.

The Bank closely monitored developments early on regarding the spread of COVID-19. It became clear that the world was facing an unprecedented challenge and the landscape was changing rapidly. The Bank implemented immediate changes as it became necessary. We were able to stay open to serve our customers, but, for approximately six weeks, the Bank had to temporarily limit its hours of operation bank-wide and close the lobbies at all three of its locations. During this time, we maintained our staff and, even though hours were limited, we made sure all our employees were fully compensated.

In mid-May, the Bank re-opened its lobbies and restored its regular office hours and has been operating as such since that time. However, we saw early on the impact that was felt by our customers. The Bank immediately offered payment accommodations to its customers, both retail and commercial. As with many community banks, the Bank participated in granting loans under the Paycheck Protection Program, best known as the PPP. The Bank was able to help what we believe are the "small" in small business.

We continue to monitor developments and adapt as necessary, as it is clear that the crisis is not over and the next fiscal year will bring another set of challenges. The uncertainty and potential economic impact of the current pandemic is still a concern. Lower interest rates have led to the compression of the net interest margin due to loans being refinanced at or modified to lower interest rates. There is also a lack of investment opportunities other than loans and the cost of funds is unlikely to go much lower. This will put a lot of pressure on loan growth.

Nevertheless, despite these challenges, we believe there is a place for small community banks like us and we will continue to work hard to improve as we have over the last several years. On behalf of the Board of Directors, we appreciate your continued support.

President &
Chief Executive Officer

COMPANY PROFILE

CCSB Financial Corp. (the "Company") is the parent company of Clay County Savings Bank (the "Bank"), a state-chartered bank. Common shares of the Company's stock trade on the OTC Bulletin Board. The Company was formed in September 2002 to acquire the stock (through a mutual to stock conversion) of Clay County Savings Bank, a former mutual savings and loan association and previously known as Clay County Savings and Loan Association. In May 2015, the Bank converted to a state charter. The Bank was founded in 1922 as a state-chartered mutual savings and loan association with the name Clay County Building and Loan Association. Deposits of the Bank are insured by the Federal Deposit Insurance Corporation (the "FDIC"). The Company is regulated by the Federal Reserve Bank and the Bank is regulated by the FDIC and the Division of Finance for the State of Missouri.

The Bank primarily serves communities located in Clay and Platte Counties that are amongst the 15 counties in the metropolitan statistical area of Kansas City, Missouri. In addition to the main office in Liberty, it has branch offices in Kansas City north and Kearney.

The Bank offers a variety of financial products and services to meet the needs of the communities it serves. The Bank was established primarily to serve the home financing needs of the public and now serves the expanded credit needs of area residents and businesses in its market area as a community bank, but with a focus on real estate lending.

The Bank's principal business consists of attracting retail deposits from the general public in the areas surrounding its branches and investing those deposits, together with funds generated from operations and borrowings, primarily in one- to four- family residential mortgage loans, construction loans, multi-family and commercial real estate loans, mortgage-related securities and various other securities. The Bank also invests in commercial business loans and consumer and other loans, including home equity and automobile loans. The Bank's revenues are derived principally from the interest on mortgage, commercial and consumer loans, securities, loan origination and servicing fees, and service charges and fees collected on deposit accounts. The primary sources of funds are deposits, borrowings, and principal and interest payments on loans and securities.

SYMBOL (OTC Pink Sheets)

CCFC

Community Bank, Community Proud Since 1922

"As the cornerstones of the community, community bankers offer a light in the darkness of hard time."

Rebeca Romero Rainey
President and CEO
Independent Community
Bankers' Association

A Commitment To Our Customers

Clay County Savings Bank is committed to providing personal attention and excellent customer service. This was even more important this past year as we faced a global pandemic.

Businesses like the Brass Rail were greatly impacted by the COVID-19 pandemic, but Clay County Savings Bank was there to help when needed. Shane Bright, owner/operator of the Brass Rail, said, "You said I was strong enough to make it through this, but frankly not without your support. I am grateful for YOU."

At the early stages of the COVID-19 outbreak, payment accommodations were made to customers, both retail and commercial. Those with a home loan or consumer loan were provided the opportunity to defer up to two payments. Commercial loan customers were individually contacted to determine how the Bank could help them through the crisis. As a result, payment accommodations were provided on approximately 26% of all loans. Our willingness to work with customers averted asset quality concerns, with all customers returned to their normal payment schedules. For the 3rd year in a row, the Bank had no loans past due over 90 days, no nonperforming loans at year-end, and, for the 5th year in a row, no repossessed assets.

As with many community banks, the Bank participated in granting loans under the Small Business Administration's Paycheck Protection Program, best known as the PPP, that was implemented under the CARES Act. The average loan was $69,400. The Bank also worked with borrowers to find funds available through grant programs.

The Bank originated PPP loans for the truly "small" businesses like Lydia Arnold, who likely would have been overlooked if not for small community banks like Clay County Savings Bank.

Clay County Savings Bank is a real relationship bank. The Bank focuses on the customer's needs. Customers like Jerry Kauble, owner of Truck and Auto Outlet, understand the importance of having a local, community bank that knows the customer and their business. Jerry says, "I have been a customer at Clay County Savings Bank for 20 years. They were there when I started my business and supported me when I relocated. They value our relationship and I would not consider banking anywhere else."

A Commitment To Our Employees

The commitment to provide excellent customer service begins with a commitment to the employees, especially those who are at the front line serving customers. It was with this in mind, when the Bank limited its hours and closed its lobbies during the initial stages of the pandemic, that it made sure to retain all employees and all employees were fully compensated for the hours that they would have normally worked.

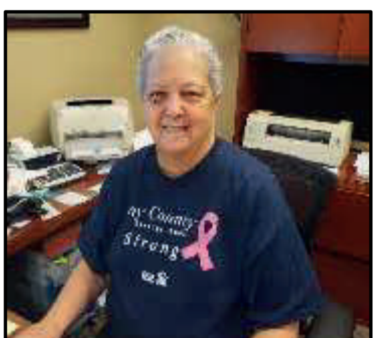
Clay County Savings Bank is the home for 36 employees, who work in a family-friendly atmosphere. Exactly half of the employees have worked for the Bank for at least 10 years, including 6 employees (featured on last year's annual report cover) with over 25 years of service.

The Bank's commitment extends to the development of its employees and the diversity of the staff. For example, for the past 17 years, the Bank has held an annual training day in which all employees participate in a day of training on compliance topics, security and information technology and team building. It is held on Columbus Day, a legal bank holiday, but employees are given a floating holiday in exchange. Of the members of management, all are women except President & CEO Usera, who is of Hispanic descent.

Lucky (but cold) employees who won a drawing to attend the parade for Super Bowl Champion Kansas City Chiefs in (pre-pandemic) January 2020.

"I started my career at Clay County Savings Bank over 40 years ago as a teller and worked my way through various departments to my eventual leadership role. The Bank strives to create an environment that engages its employees so that they can thrive and contribute to our shared success. We inspire our employees to develop ownership in their work so they can be involved in and enthusiastic about their jobs. Our employees believe in our company's vision and are committed to achieving it."

Deborah Jones
Executive Vice President
& Corporate Secretary
43 Years of Service



Vice President Jackie Murtha proudly displays her "Clay County Savings Bank Strong" T-Shirt, which employees purchased to support her in her battle through breast cancer treatment.

"In my 40 years of banking I can honestly say I have never seen such commitment to the employees or community as I have with Clay County Savings Bank. As we all know, 2020 is a year I don't think we all want to go through again, but I also had major medical issues this year; without the commitment and 'what can we do for you attitude' I wouldn't have gotten through it as easily as I did. They focused on me and what they (bank management) could do for me."

Jackie Murtha,
Vice President of Commercial Banking and Liberty Office Manager
7 Years of Service

A Commitment To Our Community

Clay County Savings Bank's roots stem from its start as the Clay County Building and Loan Association back in 1922, and its commitment to community has never been greater. Soon it will be celebrating its 100 year anniversary in 2022. The following highlights some of the many ways the Bank contributes continually to the community.

The Bank's employees are active in the community and serve leadership roles in service clubs and a number of nonprofit organizations. One out of every 4 employees is active in a service club organization such as Rotary, Kiwanis, Sertoma and Soroptimist. Employees like Kathy Varnon, Senior Vice President of Lending, who has been a member of the Soroptimist Club of Liberty for the past five years, served as an officer of the club and has been part of the events committee that has helped raise thousands for worthwhile causes in the community. Or President & CEO Mario Usera, a Rotarian for over 20 years, who has led his club's major fundraiser for the past 7 years that has generated over $100,000 for high school scholarships.

The Bank has committed over $100,000 to help support local high schools (like the sponsorship of the indoor track at the Kearney, Missouri High School field house pictured on the right) as well as sponsoring fundraising events such as walk/runs, bowling, and golf tournaments for a number of local nonprofit organizations.

Through the Bank's employee committee, for example, the Bank has held drives collecting food for local food pantries and supplies for needy students returning back to school. Employees also participate in "dress-down" days where they voluntarily donate funds that go towards sponsoring underprivileged families for the holidays and to raise awareness for causes such as breast cancer.

<u>A Partial Listing of Organizations that Clay County Savings Bank has supported this past year</u>

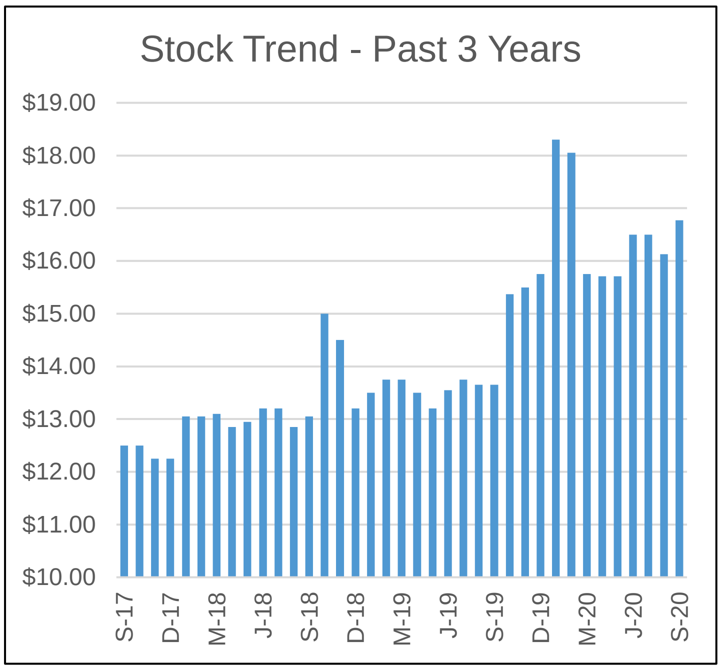
Liberty Area Chamber of Commerce ♦ Northland Regional Chamber of Commerce ♦ Kearney Chamber of Commerce ♦ Gladstone Area Chamber of Commerce ♦ Greater Kansas City Hispanic Chamber of Commerce ♦ Kiwanis ♦ Rotary ♦ Sertoma ♦ Soroptimist ♦ Freedom House ♦ Northland Business Women's Breakfast Club ♦ Historic Downtown Liberty Inc. ♦ Liberty Hospital Foundation ♦ Liberty Education Foundation ♦ Liberty Economic Development Corporation ♦ Clay County Economic Development Corporation ♦ Kansas City Area Homebuilders Association ♦ Hillcrest Hope ♦ Wilkerson's Food Pantry ♦ Feed Northland Kids ♦ Rebuilding Together Kansas City ♦ LOVE INC. ♦ In As Much Ministries

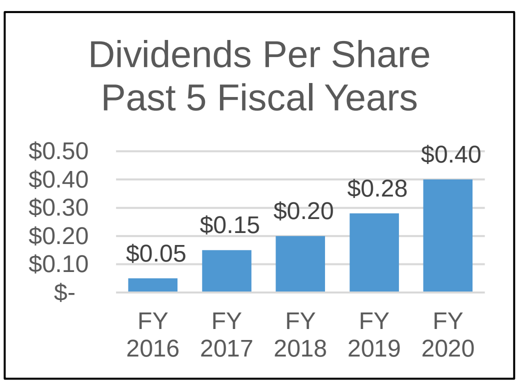
A Commitment To Our Stockholders

KEY NUMBER
22.86%

The Company is committed to providing shareholder value through growth in the price of the stock and through dividends. This past year has been one of the best for the Company. The Company's stock price increased 22.86%, from $13.65 per share as of September 30, 2019, to $16.77 per share as of September 30, 2020. The stock price reached an all-time high in January 2020 at $18.30 per share and traded at an average price of $16.22 per share during fiscal year 2020.

According to an analysis performed by Performance Trust Capital Partners (Source: S&P Global Market Intelligence as of October 21, 2020) the Company's Stock Price to Total Book Value was 109.3%, which was tied for third highest amongst its peer group of 23 publicly traded bank holding companies in the Midwest with total assets less than $250 million. The Company's book value per share increased 3.67%, from $14.98 per share as of September 30, 2019, to $15.53 per share as of September 30, 2020.





The Company also increased its dividend during this past fiscal year, from $0.28 per share for the fiscal year 2019, to $0.40 per share for fiscal year 2020. The dividend for fiscal year 2020 was double the dividend, $0.20 per share, for fiscal year 2018, just two years ago and has increased every year since it started paying dividends in fiscal year 2016. Dividends are currently being paid quarterly.

BKD
CPAs & Advisors

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Independent Auditor's Report

Audit Committee, Board of
Directors and Stockholders
CCSB Financial Corp.
Liberty, Missouri

We have audited the accompanying consolidated financial statements of CCSB Financial Corp. (the "Company") and its subsidiary, which comprise the consolidated balance sheets as of September 30, 2020 and 2019, and the related consolidated statements of income and comprehensive income, stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of CCSB Financial Corp. and its subsidiary as of September 30, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The 2020 Annual Report Information is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

St. Louis, Missouri
December 9, 2020

CCSB FINANCIAL CORP. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
September 30, 2020 and 2019

	2020	2019
ASSETS:		
Cash and due from banks	$ 4,556,580	$ 2,381,749
Interest-bearing demand deposits in banks	29,299,012	15,006,785
Total cash and cash equivalents	33,855,592	17,388,534
Interest-bearing time deposits in banks	6,417,232	5,402,796
Available-for-sale securities	2,672,218	5,679,949
Federal Home Loan Bank stock	174,300	194,300
Loans, net of allowance for loan losses of $1,226,949 and $1,200,000 at September 30, 2020 and 2019, respectively	75,957,335	73,737,917
Premises and equipment, net	3,880,701	3,849,073
Interest receivable	305,698	276,984
Bank-owned life insurance - cash surrender value	4,248,308	4,151,670
Deferred income taxes	631,347	490,828
Other assets	385,403	368,673
TOTAL ASSETS	$ 128,528,134	$ 111,540,724
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Deposits		
Demand	$ 21,014,577	$ 13,857,400
Public unit funds	11,536,795	12,747,871
Interest-bearing checking, savings, and money market	66,532,597	53,812,432
Time	14,407,222	15,383,828
Total deposits	113,491,191	95,801,531
Federal Home Loan Bank advances	1,250,000	1,750,000
Other borrowings	593,000	523,000
Advances from borrowers for taxes and insurance	955,072	1,073,443
Interest payable and other liabilities	764,773	1,301,740
TOTAL LIABILITIES	117,054,036	100,449,714
Commitments and contingencies	-	-
Preferred stock, $0.01 par value; 500,000 shares authorized; none issued	-	-
Common stock, $0.01 par value; 2,500,000 shares authorized; 978,650 shares issued	9,787	9,787
Additional paid-in capital	9,384,178	9,384,178
Treasury stock, at cost, 235,579 and 238,254 shares at September 30, 2020 and 2019, respectively	(3,369,282)	(3,412,945)
Retained earnings	5,401,816	5,075,488
Accumulated other comprehensive income	47,599	34,502
TOTAL STOCKHOLDERS' EQUITY	11,474,098	11,091,010
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 128,528,134	$ 111,540,724

See accompanying notes to consolidated financial statements.

CCSB FINANCIAL CORP. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
Years Ended September 30, 2020 and 2019

	2020	2019
INTEREST AND DIVIDEND INCOME:		
Loans	$ 3,796,317	$ 3,712,980
Investment and mortgage-backed securities	119,623	178,936
Federal Home Loan Bank stock	6,993	9,042
Other income	283,187	495,929
TOTAL INTEREST AND DIVIDEND INCOME	4,206,120	4,396,887
INTEREST EXPENSE:		
Deposits	417,791	735,462
Borrowings	61,846	81,102
TOTAL INTEREST EXPENSE	479,637	816,564
NET INTEREST INCOME	3,726,483	3,580,323
Credit for loan losses	-	(180,000)
NET INTEREST INCOME AFTER CREDIT FOR LOAN LOSSES	3,726,483	3,760,323
NONINTEREST INCOME:		
Charges and other fees on loans	99,741	92,568
Charges and other fees on deposit accounts	225,386	247,504
Amortization of mortgage-servicing rights	(56,625)	(41,960)
Net gain on sale of loans	315,894	91,663
Increase in cash surrender value of bank-owned life insurance	96,638	105,549
Other	17,567	41,142
TOTAL NONINTEREST INCOME	698,601	536,466
NONINTEREST EXPENSE:		
Compensation and benefits	2,368,261	2,232,127
Occupancy and equipment	410,838	417,171
Data processing	422,785	393,579
Federal Deposit Insurance Corporation insurance premium	29,011	17,613
Legal fees	119,205	11,816
Audit and other professional services	109,798	100,281
Advertising and marketing	73,094	70,072
Correspondent banking service charges	11,213	2,985
Other	402,437	391,675
TOTAL NONINTEREST EXPENSE	3,946,642	3,637,319
INCOME BEFORE INCOME TAXES	478,442	659,470
CREDIT FOR INCOME TAXES	(144,000)	-
NET INCOME	$ 622,442	$ 659,470
BASIC AND DILUTED NET INCOME PER SHARE	$ 0.84	$ 0.89

See accompanying notes to consolidated financial statements.

CCSB FINANCIAL CORP. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years Ended September 30, 2020 and 2019

	2020	2019
Net income	$ 622,442	$ 659,470
Other comprehensive income:		
Unrealized appreciation on available-for-sale securities, net of taxes of $3,481 and $30,663, for 2020 and 2019, respectively	13,097	87,270
Comprehensive income	$ 635,539	$ 746,740

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Years Ended September 30, 2020 and 2019

	Common Stock	Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss), Net of Taxes	Total Stockholders' Equity
Balance at September 30, 2018	$ 9,787	$ 9,384,178	$ (3,248,432)	$ 4,624,742	$ (52,768)	$ 10,717,507
Net income	-	-	-	659,470	-	659,470
Other comprehensive loss	-	-	-		87,270	87,270
Dividends, $0.28 per share				(208,724)		(208,724)
Purchase of treasury stock, net (11,858 shares)	-	-	(164,513)	-	-	(164,513)
Balance at September 30, 2019	9,787	9,384,178	(3,412,945)	5,075,488	34,502	11,091,010
Net income	-	-	-	622,442	-	622,442
Other comprehensive income	-	-	-	-	13,097	13,097
Dividends, $0.40 per share				(296,114)		(296,114)
Proceeds from stock issuance, net (2,675 shares)	-	-	43,663	-	-	43,663
Balance at September 30, 2020	$ 9,787	$ 9,384,178	$ (3,369,282)	$ 5,401,816	$ 47,599	$ 11,474,098

See accompanying notes to consolidated financial statements.

CCSB FINANCIAL CORP. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended September 30, 2020 and 2019

	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES:		
Net income	$ 622,442	$ 659,470
Items not requiring (providing) cash:		
Depreciation	171,000	166,238
Credit for loan losses	-	(180,000)
Accretion of premiums and discounts on securities	(8,501)	(6,105)
Amortization of mortgage-servicing rights	56,625	41,960
Compensation related to ESOP	68,500	31,004
Deferred loans fees, net	101,567	(16,740)
Increase in cash surrender value of bank-owned life insurance	(96,638)	(105,549)
Originations of mortgage loans held for sale	(12,531,460)	(4,138,875)
Proceeds from the sale of mortgage loans	12,847,354	4,230,538
Net realized gains on loans sold	(315,894)	(91,663)
Changes in:		
Accrued interest receivable	(28,714)	(6,345)
Other assets	(73,355)	(95,503)
Deferred income taxes	(144,000)	-
Interest payable and other liabilities	(536,967)	908,869
NET CASH PROVIDED BY OPERATING ACTIVITIES	131,959	1,397,299
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of available-for-sale securities	(500,000)	(2,995,042)
Repayment of principal on and proceeds from sales, maturity or call of available-for-sale securities	3,532,810	2,675,591
Investment in interest-bearing time deposits	(2,981,092)	(1,232,850)
Reinvestment of interest on interest-bearing time deposits	(8,344)	(4,946)
Proceeds from maturity of interest-bearing time deposits	1,975,000	496,938
Redemption of FHLB stock	20,000	73,200
Net change in loans	(2,320,985)	1,986,852
Net purchase of premises and equipment	(202,628)	(97,966)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(485,239)	901,777
CASH FROM FINANCING ACTIVITIES:		
Net increase in deposits	17,689,660	598,743
Repayments of Federal Home Loan Bank fixed-maturity advances	(500,000)	(2,000,000)
Proceeds from other borrowings	989,000	675,000
Repayments from other borrowings	(919,000)	(665,000)
Proceeds from issuance of stock	67,000	-
Purchase of stock	(91,837)	(195,517)
Net change in advances from borrowers for taxes and insurance	(118,371)	(30,502)
Cash dividends	(296,114)	(208,724)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	16,820,338	(1,826,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS	16,467,058	473,076
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	17,388,534	16,915,458
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 33,855,592	$ 17,388,534
Supplemental cash flow information:		
Interest paid	**$ 478,958**	**$ 817,450**
Contribution of stock to ESOP	**68,500**	**31,004**

See accompanying notes to consolidated financial statements.

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

CCSB Financial Corp. (the “Company”), a Delaware corporation incorporated in September 2002, is a financial holding company whose principal activity is the ownership and management of its wholly-owned subsidiary, Clay County Savings Bank (“Bank”). The Bank is primarily engaged in providing a full range of banking and financial services to individual and corporate customers in the northern part of metropolitan Kansas City, Missouri. The Bank is subject to competition from other financial institutions. The Company and the Bank are subject to the regulation of certain federal and state agencies and undergoes periodic examinations by those regulatory authorities.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and the Bank. All significant intercompany accounts and transactions have been eliminated in consolidation.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for loan losses, valuation of deferred tax assets, and fair value of financial instruments.

CASH EQUIVALENTS

The Company considers all liquid investments with original maturities of three months or less to be cash equivalents. At September 30, 2020 and 2019, cash equivalents consisted of cash and accounts, noninterest-bearing and interest-bearing, with banks including the Federal Home Loan Bank and the Federal Reserve.

At September 30, 2020, the Company’s cash accounts exceeded federally insured limits by approximately $32,020,000, including $25,206,000 on deposit at the Federal Reserve Bank.

INTEREST-BEARING TIME DEPOSITS

Interest-bearing time deposits range in maturity from within one year to five years and are carried at cost, which approximates fair value. At September 30, 2020, the Company’s interest-bearing time deposit accounts exceeded federally insured limits by approximately $2,477,000.

SECURITIES

Securities held by the Company are classified and recorded in the consolidated financial statements as available for sale and recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income, net of tax. Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

When the fair value of the securities is below the amortized cost, the Company’s accounting treatment for an other-than-temporary impairment (OTTI) is as follows: when the security is not intended for sale and more likely than not that the Company will not have to sell the security before recovery of its cost basis, the credit component of an OTTI is recognized in earnings and the remaining portion in other comprehensive income. When the security is intended for sale or more likely than not that the Company will be required to sell before recovery of cost basis, both the credit component and the remaining portion are recognized in earnings. When a credit loss component is separately recognized in earnings, the amount is identified as the total of principal cash flows not expected to be received over the remaining term of the security, as projected based on cash flow projections. There was no other than temporary impairment recognized for the fiscal year 2020 and 2019.

LOANS

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoffs are reported at their outstanding principal balance adjusted for unearned income, charge-offs, the allowance for loan losses, any unamortized deferred fees or costs on originated loans and unamortized premiums or discounts on purchased loans.

For loans amortized at cost, interest income is accrued based on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, as well as premiums and discounts, are deferred and amortized as a level yield adjustment over the respective term of the loan.

The accrual of interest on mortgage and commercial loans is discounted at the time the loan is 90 days past due unless the credit is well-secured and in collection. Past due status is based on contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged off at an earlier date if collection of principal and interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged off are reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Discounts and premiums on purchased residential real estate loans are amortized to income using the interest method over the remaining period to contractual maturity, adjusted for anticipated prepayments. Discounts and premiums on purchased consumer loans are recognized over the expected lives of the loans using methods that approximate the interest method.

In March 2020, the CARES Act was signed into law, creating a forbearance program for federally-backed mortgage loans, protecting borrowers from negative credit reporting due to loan accommodations related to the National Emergency, and providing financial institutions the option to temporarily suspend certain requirements under U.S. GAAP related to troubled debt restructurings (TDR) for a limited period of time to account for the effects of COVID-19. The Company has elected to not apply ASC Subtopic 310-40 for loans eligible under the CARES Act, based on the modification's (1) relation to COVID-19, (2) execution for a loan that was not more than 30-days past due as of December 31, 2019, and (3) executed between March 1, 2020, and the earlier of the date that falls 60 days following the termination of the declared a National Emergency, or December 31, 2020.

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

The allowance consists of allocated and general components. The allocated component relates to loans that are classified as impaired. For those loans that are classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers nonclassified loans and is based on historical charge-off experience and expected loss given default derived from the Company's internal risk rating process. Other adjustments may be made to the allowance for pools of loans after an assessment of internal or external influences on credit quality that are not fully reflected in the historical loss or risk rating data.

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 for commercial and construction loans 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.

Groups of loans with similar risk characteristics are collectively evaluated for impairment based on the group's historical loss experience adjusted for changes in trends, conditions and other relevant factors that affect repayment of the loans. Accordingly, the Company does not separately identify individual consumer and residential loans for impairment measurements, unless such loans are the subject of a restructuring agreement due to financial difficulties of the borrower.

PREMISES AND EQUIPMENT

Depreciable assets are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful lives of the assets.

The estimated useful lives for each major depreciable classification of premises and equipment are as follows:

Building and improvements	30-40 Years
Furniture, fixtures and equipment (non-computer related)	3-10 Years
Computer related equipment and software	2-5 Years

BANK STOCK

Federal Home Loan Bank stock is a required investment for institutions that are members of the Federal Home Loan Bank system. The required investment is based on a predetermined formula, carried at cost and evaluated for impairment. The Company also has $50,000 in Midwest Independent Bank stock which is located in Other Assets on the balance sheet. Bank stock is measured under the practicability exception and the Company performs a qualitative assessment for the stock considering impairment indicators to evaluate whether an impairment exists. If an impairment exists, the Company will recognize a loss based on the difference between carrying value and fair value.

FORECLOSED ASSETS HELD FOR SALE

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value less cost to sell at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and changes in the valuation allowance are included in net income or expense from foreclosed assets.

BANK-OWNED LIFE INSURANCE

The Company has purchased life insurance policies on certain key executives. Bank-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.

MORTGAGE SERVICING RIGHTS

Mortgage servicing assets are recognized separately when rights are acquired through purchase or through sale of financial assets. Under the servicing assets and liabilities accounting guidance (ASC 860-50), servicing rights resulting from the sale or securitization of loans originated by the Bank are initially measured at fair value at the date of transfer. The Bank subsequently measures each class of servicing asset using either the fair value or the amortization method. Amortized mortgage servicing rights include commercial mortgage servicing rights. Under the amortization method, servicing rights are amortized in proportion to and over the period of estimated net servicing income. The amortized assets are assessed for impairment or increased obligation based on fair value at each reporting date.

Each class of separately recognized servicing assets subsequently measured using the amortization method are evaluated and measured for impairment. Impairment is determined by stratifying rights into tranches based on predominant characteristics, such as interest rate, loan type and investor type. Impairment is recognized through a valuation allowance for an individual tranche, to the extent that fair value is less than the carrying amount of the servicing assets for that tranche. The valuation allowance is adjusted to reflect changes in the measurement of impairment after the initial measurement of impairment. There was no impairment, and resulting valuation allowances, in the years ended September 30, 2020 and 2019. Fair value in excess of the carrying amount of servicing assets for that stratum is not recognized. Servicing fee 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. The amortization of mortgage servicing rights is reported in non-interest income, where loan servicing fee income is reported.

EMPLOYEE STOCK OWNERSHIP PLAN

The Company accounts for its employee stock ownership plan (ESOP) in accordance with Accounting Standards Codification 718-40. The cost of shares issued to the ESOP but not yet allocated to participants is presented in the consolidated balance sheet as a reduction of stockholders' equity. Compensation expense is recorded based on the market price of the shares as they are committed to be released for allocation to participant accounts. The difference between the market price and the cost of shares committed to be released is recorded as an adjustment to additional paid-in capital. Dividends on allocated ESOP shares are recorded as a reduction of retained earnings; dividends on unallocated ESOP shares are reflected as a reduction of debt.

Shares are considered outstanding for earnings per share calculations when they are committed to be released; unallocated shares are not considered outstanding.

TREASURY STOCK

Common stock shares repurchased are recorded at cost. Cost of shares retired or reissued is determined using the first-in, first-out method.

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 put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy of other receivership, (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 or the ability to unilaterally cause the holder to return specific assets.

INCOME TAXES

The Company accounts for income taxes in accordance with income tax accounting guidance (ASC 740, Income Taxes). The income tax accounting guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Company determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur. Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized.

Tax positions are recognized if it is more likely than not based on the technical merits, that the tax position will be realized or sustained upon examination. The term more likely than not means a likelihood of more than 50 percent; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances and information available at the reporting date and is subject to the management's judgment. With a few exceptions, the Company is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for years before 2017.

The Company recognizes interest and penalties on income taxes as a component of credit for income taxes.

The Company files consolidated income tax returns with its subsidiary.

EARNINGS PER SHARE

Basic earnings per share represents income available to common stockholders divided by the weighted-average number of common shares outstanding during each period. Diluted earnings per share reflects additional potential common shares that would have been outstanding if dilutive potential common shares had been issued, as well as any adjustment to income that would result from the assumed issuance. Potential common shares that may be issued by the Company relate solely to outstanding stock options and are determined using the treasury stock method.

Treasury stock shares are not deemed outstanding for earnings per share calculations.

COMPREHENSIVE INCOME

Comprehensive income consists of net income and other comprehensive income, net of applicable income taxes. Other comprehensive income includes unrealized appreciation on available-for-sale securities.

RECLASSIFICATIONS

Certain reclassifications have been made to the 2019 financial statements to conform to the 2020 financial statement presentation. These reclassifications had no effect on income.

CHANGE IN ACCOUNTING PRINCIPLE

In February 2016, the FASB issued ASU 2016-02, "Leases", to revise the accounting related to lease accounting. This ASU requires lessees to recognize a lease liability and a right-of-use (ROU) asset on a discounted basis, for substantially all leases, as well as additional disclosures regarding leasing arrangements. Under the new guidance, a lessee is required to record a right-of-use (ROU) asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. The Update was effective for the Company October 1, 2019. Adoption of the standard allows the use of a modified retrospective transition approach for all periods presented at the time of adoption. Based on the Company's leases outstanding at September 30, 2020, the adoption of the new standard did not have a material impact on the Company's consolidated statements of financial condition or consolidated statements of income, and no increase to assets or liabilities occurred at the time of adoption.

NOTE 2: SECURITIES

Amounts related to securities, including the amortized cost and approximate fair values, together with gross unrealized gains and losses and any other-than-temporary impairments (OTTI) recognized in accumulated other comprehensive income (AOCI), are as follows:

	September 30, 2020			
	Amortized Cost	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Approximate Fair Value**
U.S. Government and federal agency	$ 665,632	$ 41,574	$ -	$ 707,206
U.S. Government - sponsored enterprises (GSEs)	1,946,334	20,000	(1,322)	1,965,012
	$ 2,611,966	$ 61,574	$ (1,322)	$ 2,672,218

	September 30, 2019			
	Amortized Cost	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Approximate Fair Value**
U.S. Government and federal agency	$ 691,423	$ 8,075	$ -	$ 699,498
U.S. Government - sponsored enterprises (GSEs)	4,937,972	36,457	(813)	4,973,616
SBA-backed securities	6,880	-	(45)	6,835
	$ 5,636,275	$ 44,532	$ (858)	$ 5,679,949

The amortized cost and fair value of available-for-sale securities at September 30, 2020, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

	2020	
	Amortized Cost	Fair Value
U.S. Government and federal agency		
Over five years	$ 665,632	$ 707,206
U.S. Government - sponsored enterprises (GSEs)		
Less than one year	500,000	500,750
One to five years	1,446,334	1,464,262
	$ 2,611,966	$ 2,672,218

The carrying value of securities pledged as collateral, to secure public deposits and for other purposes, was $2,672,218 and $4,928,543 at September 30, 2020 and 2019, respectively. There were no sales of available-for-sale securities in 2020 and 2019.

Certain investments in debt securities are reported in the consolidated financial statements at an amount less than their historical cost. The total fair value of these investments at September 30, 2020, was $498,678, which is 18.7% of the Company's available-for-sale investment portfolio compared to $505,456, at September 30, 2019, which was approximately 8.9% of the Company's available-for-sale investment portfolio. This is primarily the result of an increase in market interest rates from the time these securities were purchased. Based on an evaluation of available evidence, including recent changes in market interest rates and credit rating information obtained from regulatory filings, management believes the declines in fair value for these securities are temporary.

The following table shows the Company's investments' gross unrealized losses and fair value of the Company's investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position as of:

	September 30, 2020					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Government and federal agency	$ -	$ -	$ 498,678	$ (1,322)	$ 498,678	$ (1,322)
Total temporarily-impaired securities	$ -	$ -	$ 498,678	$ (1,322)	$ 498,678	$ (1,322)

	September 30, 2019					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Government - sponsored enterprises (GSEs)	$ -	$ -	$ 498,620	$ (813)	$ 498,620	$ (813)
SBA-backed securities	-	-	6,836	(45)	6,836	(45)
Total temporarily-impaired securities	$ -	$ -	$ 505,456	$ (858)	$ 505,456	$ (858)

U.S. Government and Federal Agency

The unrealized losses on the Company's investments in direct obligations of U.S. government agencies were caused by interest rate increases. The contractual terms of those investments do not permit the issuer to settle the securities at a price less than the amortized cost bases of the investments. Because the Company does not intend to sell the investments and it is not more likely than not the that Company will be required to sell the investments before recovery of their amortized cost bases, which may be maturity, the Company does not consider those investments to be other-than-temporarily impaired at September 30, 2020.

Other-than-temporary Impairment

Upon acquisition of a security, the Company decides whether it is within the scope of the accounting guidance for beneficial interests in securitized financial assets or will be evaluated for impairment under the accounting guidance for investments in debt and equity securities.

The accounting guidance for beneficial interests in securitized financial assets provides incremental impairment guidance for a subset of the debt securities within the scope of the guidance for investments in debt and equity securities. For securities where the security is a beneficial interest in securitized financial assets, the Company uses the beneficial interests in securitized financial assets impairment model. For securities where the security is not a beneficial interest in securitized financial assets, the Company uses the debt and equity securities impairment model.

The Company routinely conducts periodic reviews to identify and evaluate each investment security to determine whether an other-than-temporary impairment has occurred. Economic models are used to determine whether an other-than-temporary impairment has occurred on these securities. Various inputs to the economic models are used to determine if an unrealized loss is other-than-temporary. The most significant inputs are default rate and severity. Other inputs may include the actual collateral attributes, which include geographic concentrations, credit ratings and other performance indicators of the underlying asset. To determine if the unrealized loss for securities is other-than-temporary, the Company projects total estimated defaults of the underlying assets and multiplies that calculated amount by an estimate of realizable value upon sale in the marketplace (severity) in order to determine the projected collateral loss. The Company also evaluates the current credit enhancement underlying the bond to determine the impact on cash flows. If the Company determines that a given security position will be subject to a write-down or loss, the Company records the expected credit loss as a charge to earnings.

NOTE 3: LOANS AND ALLOWANCE FOR LOAN LOSSES

Classes of loans at September 30 include:

	2020	2019
Real estate loans:		
Single-family, 1-4 units	$ 27,404,712	$ 30,103,703
Multi-family, 5 or more units	5,558,804	5,111,284
Construction, land & land development	14,355,694	11,081,413
Commercial	26,380,630	26,677,185
Consumer loans	2,168,096	2,422,852
Commercial non-real estate loans	2,732,481	2,913,187
Paycheck protection program loans	4,322,559	-
Loans secured by deposits	235,294	184,724
	83,158,270	78,494,348
Allowance for losses	(1,226,949)	(1,200,000)
Loans in process	(5,852,724)	(3,536,736)
Deferred loan fees, net	(121,262)	(19,695)
	$ 75,957,335	$ 73,737,917

The following tables present the balance in the allowance for loan losses and the recorded investment in loans based on portfolio segment and impairment method as of September 30, 2020 and 2019:

	2020											
	Single-family, 1-4 units					Consumer loans						
	Owner-Occupied	Nonowner-Occupied	Multi-family, 5 or more units	Construction, land & land development	Commercial real estate	Home equity	Other consumer	Commercial non-real estate	Paycheck Protection Progam	Loans secured by deposits	Unallocated	Total Loans
Allowance for loan losses:												
Balance, beginning of year	$ 170,787	$ 104,629	$ 63,891	$ 299,399	$ 401,908	$ 13,992	$ 1,157	$ 72,298	$ -	$ -	$ 71,939	$ 1,200,000
Provision (credit) for loan losses	(115,090)	(31,786)	6,844	(165,733)	173,402	(4,131)	(108)	(31,152)	-	-	167,754	-
Loans charged off	-	-	-	-	-	-	-	-	-	-	-	-
Recoveries	-	26,949	-	-	-	-	-	-	-	-	-	26,949
Balance, end of year	$ 55,697	$ 99,792	$ 70,735	$ 133,666	$ 575,310	$ 9,861	$ 1,049	$ 41,146	$ -	$ -	$ 239,693	$ 1,226,949
Ending balance: individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Ending balance: collectively evaluated for impairment	$ 55,697	$ 99,792	$ 70,735	$ 133,666	$ 575,310	$ 9,861	$ 1,049	$ 41,146	$ -	$ -	$ 239,693	$ 1,226,949
Loans:												
Ending balance	$ 19,384,191	$ 8,020,521	$ 5,558,804	$ 14,355,694	$ 26,380,630	$ 1,958,375	$ 209,721	$ 2,732,481	$ 4,322,559	$ 235,294		$ 83,158,270
Ending balance: individually evaluated for impairment	$ -	$ 37,191	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ 37,191
Ending balance: collectively evaluated for impairment	$ 19,384,191	$ 7,983,330	$ 5,558,804	$ 14,355,694	$ 26,380,630	$ 1,958,375	$ 209,721	$ 2,732,481	$ 4,322,559	$ 235,294		$ 83,121,079

	2019										
	Single-family, 1-4 units					Consumer loans					
	Owner-Occupied	Nonowner-Occupied	Multi-family, 5 or more units	Construction, land & land development	Commercial real estate	Home equity	Other consumer	Commercial non-real estate	Loans secured by deposits	Unallocated	Total Loans
Allowance for loan losses:											
Balance, beginning of year	$ 99,630	$ 115,597	$ 137,528	$ 627,117	$ 245,808	$ 11,901	$ 1,388	$ 78,824	$ -	$ 62,207	$ 1,380,000
Provision (credit) for loan losses	71,157	(10,968)	(73,637)	(327,718)	156,100	2,091	(231)	(6,526)	-	9,732	(180,000)
Loans charged off	-	-	-	-	-	-	-	-	-	-	-
Recoveries	-	-	-	-	-	-	-	-	-	-	-
Balance, end of year	$ 170,787	$ 104,629	$ 63,891	$ 299,399	$ 401,908	$ 13,992	$ 1,157	$ 72,298	$ -	$ 71,939	$ 1,200,000
Ending balance: individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Ending balance: collectively evaluated for impairment	$ 170,787	$ 104,629	$ 63,891	$ 299,399	$ 401,908	$ 13,992	$ 1,157	$ 72,298	$ -	$ 71,939	$ 1,200,000
Loans:											
Ending balance	$ 21,256,484	$ 8,847,219	$ 5,111,284	$ 11,081,413	$ 26,677,185	$ 2,191,489	$ 231,363	$ 2,913,187	$ 184,724		$ 78,494,348
Ending balance: individually evaluated for impairment	$ -	$ 207,370	$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ 207,370
Ending balance: collectively evaluated for impairment	$ 21,256,484	$ 8,639,849	$ 5,111,284	$ 11,081,413	$ 26,677,185	$ 2,191,489	$ 231,363	$ 2,913,187	$ 184,724		$ 78,286,978

Internal Risk Categories

In general, classification of loans is to reflect the risk of non-repayment. In addition to the adoption of the interagency regulatory classifications of Special Mention, Substandard, Doubtful, and Loss, the Company has established an internal grading system for the loan portfolio. Loans are assigned grades from 1 through 10. Grades 1 through 4 are considered satisfactory grades and are categorized as Pass. The grade of 5, or Watch, means the loan is being monitored closely. Grade 6, or Special Mention, represents loans that have a material documentation or credit weakness that, if goes uncorrected, will result in an adverse classification. The grades of 7 and 8 have been assigned to loans classified as Substandard and a loan grade of 9 is assigned to loans that are classified as Doubtful. A loan grade of 10 is classified as a Loss and the loan is charged off. The use and application of these grades by the Company will be uniform and shall conform to the Company's policy.

The interagency regulatory classifications are defined as follows:

Special Mention: A Special Mention asset does not warrant adverse classification, but does possess credit deficiencies or potential weaknesses deserving management's close attention. If not corrected, the deficiency or weakness could weaken the asset and increase risk in the future.

Substandard: Substandard assets are inadequately protected by the current net worth and paying capacity of the obligor or by the collateral pledged. Assets so defined must have a well-defined weakness or weaknesses. They are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected. An asset should not be classified as Substandard if successful collection of all debt is probable or if liquidation of the collateral at the asset's book value is expected in a reasonable time frame.

Doubtful: Assets classified as Doubtful have all the weaknesses inherent in Substandard assets. In addition, these weaknesses make collection or liquidation in full highly questionable and improbable based on existing circumstances.

Loss: Any portion of any asset that is classified as Loss is considered uncollectible and of little value. A Loss classification does not mean that portion of the asset has no recovery or salvage value, but it is not practical or desirable to defer writing off or reserving all or a portion of the asset, even though partial recovery may be affected in the future.

The loan portfolio is mainly comprised of real estate loans. This includes primarily permanent and construction financing of single-family homes and the permanent financing of other one- to four-family, multi-family and nonresidential real estate. In addition, the Company originates consumer loans (primarily home equity term loans and lines of credit) and commercial non-real estate loans. In order to reduce interest-rate risk by making the loan portfolio more interest-rate sensitive, the Bank originates primarily adjustable-rate, balloon and short- and medium-term, fixed-rate loans for the loan portfolio. Generally, loans are collateralized by assets of the borrower and guaranteed by the principals of the borrowing entity. The primary lending market is within Clay and Platte Counties of the Kansas City Metropolitan Statistical Area.

The Company maintains lending policies and procedures designed to focus lending efforts on the type, location, duration and risk of loans most appropriate for its business model and markets. The Board of Directors reviews and approves the Company's lending policies on, at least, an annual basis. The Board reviews the allowance for loan losses quarterly and reviews reports related to loan production, loan quality, concentrations of credit, loan delinquencies and non-performing and potential problem loans on a monthly basis.

The Company does not accrue interest on any asset which is maintained on a cash basis because of deterioration in the financial position of the borrower, any asset for which payment in full of interest or principal is not expected, or any asset upon which principal or interest has been in default for a period of ninety days or more unless it is both well secured and in the process of collection. A non-accrual asset may be restored to an accrual status when none of its principal and interest is due and unpaid, or when it otherwise becomes well secured and in the process of collection.

Periodic independent loan reviews of outstanding loans are performed by either a third party or an independent loan review officer. The primary objective of the independent loan review function is to ensure the maintenance of a quality loan portfolio and minimize the potential for loan losses. The loan review also determines compliance with internal policies and procedures. In addition to reviewing loans for compliance, loan review analyzes the appropriateness and timeliness of risk grading and problem loan identification by loan officers, the identification of individually impaired loans, the measurement of estimated loan impairment and timeliness of charge-offs, and overall adequacy of the allowance for loan losses.

Risk characteristics applicable to each segment of the loan portfolio are described as follows:

One-to-Four Family Residential Mortgage Loans

The Company's loan portfolio consists primarily of permanent financing of one-to-four family, residential real estate loans, secured by properties located in its market area. The large majority of these loans are secured by owner-occupied properties. One-to-four family real estate loans are offered with terms up to 30 years with adjustable or fixed interest rates. The adjustable-rate loans are intended for retention in the Bank's loan portfolio. In recent years there has been an increased demand for long-term fixed-rate loans, as market rates dropped and remained near historic lows. Most fixed-rate loans are sold in the secondary market directly to the Federal Home Loan Mortgage Corporation (FHLMC); however, the Company has retained a portion of fixed-rate, single-family residential mortgage loans with terms of 15 years or less. In addition, the Bank offers loans with a balloon feature, generally five years or less. It is the Bank's policy to retain servicing on all loans sold. All one-to-four family real estate loans are typically originated in conformity with FHLMC guidelines, regardless of whether the loan is sold or retained in the loan portfolio.

Construction, Land and Land Development Loans

The Company originates three types of residential construction loans: (1) construction/speculative loans, (2) construction/custom loans, and (3) construction/permanent loans. The Company also originates construction loans on multi-family or nonresidential properties, land development loans to area homebuilders that are secured by individual unimproved or improved residential building lots, and loans secured by land held for future development or speculative purposes.

Construction/speculative loans are made to area homebuilders who do not have, at the time the loan is originated, a signed contract with a homebuyer who has a commitment for permanent financing with either the Bank or another lender. The builder may enter into a purchase and sale contract with the homebuyer either during or after the construction period. These loans have the risk that the builder will have to make interest and principal payments on the loan and finance real estate taxes and other holding costs of the completed home for a significant time after the completion of construction. Funds are disbursed in phases as construction is completed. All construction/speculative loans require personal individual guarantees of the principals of the builder-borrower.

Construction/custom loans are made to either an individual who has contracted with a builder to construct their personal residence, or to a builder who has a signed contract to build a new home for the homeowner. The terms of construction/custom loans are similar to those of construction/speculative loans, except that the Bank may offer extended commitments to originate permanent financing on the construction/custom loans that are originated. These extended commitments are typically honored for terms up to one year, and are at interest rates 50 basis points above the prevailing interest rate at the time of the commitment. The Company offers construction/permanent financing to these individuals as well.

Commercial Real Estate and Multi-Family Real Estate Loans

Commercial real estate mortgage loans are primarily secured by owner-occupied commercial buildings, office buildings, strip shopping centers, restaurants, storage facilities and motels. In underwriting commercial real estate loans and multi-family real estate loans, the Company considers a number of factors which include the projected net cash flow to the loan's debt service requirement, the age and condition of the collateral, the financial resources and income level of the borrower and the borrower's experience in owning or managing similar properties. Personal guarantees are typically obtained from commercial real estate and multi-family real estate borrowers. In addition, the borrower's financial information on such loans is monitored on an ongoing basis by requiring periodic financial statement updates. The repayment of these loans is primarily dependent on the cash flows of the underlying property; however, the commercial real estate loan generally must be supported by an adequate underlying collateral value. The performance and the value of the underlying property may be adversely affected by economic factors or geographical and/or industry specific factors. These loans are subject to other industry guidelines that are closely monitored by the Company.

Commercial Business Loans

The Company originates commercial non-mortgage business (term) loans and adjustable lines of credit. These loans are generally originated to small and medium sized companies in the Company's primary market area. Commercial business loans are generally used for working capital purposes or for acquiring equipment, inventory or furniture, and are primarily secured by business assets other than real estate, such as business equipment and inventory, accounts receivable or stock.

The commercial business loan portfolio consists primarily of secured loans. When making commercial business loans, the Company considers the financial statements, lending history and debt service capabilities of the borrower, the projected cash flows of the business and the value of collateral. The cash flows of the underlying borrower, however, may not perform consistent with historical or projected information. Further, the collateral securing the loans may fluctuate in value due to individual economic or other factors. Virtually all loans are guaranteed by the principals of the borrower. The Company has established minimum standards and underwriting guidelines for all commercial loan types.

Paycheck Protection Program Loans

The Company participated in the Paycheck Protection Program (“PPP”), established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), which provided loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans are fully insured by the Small Business Administration. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. Any unforgiven portion of the PPP loan must be repaid by the borrower pursuant to the terms of the promissory note. The loans were granted at an interest rate of 1%. The Company received a fee of 5% for all loans $350,000 or less and 3% for all loans over $350,000.

Consumer Loans

In addition to traditional one-to-four family residential mortgage loans, the Company offers home equity term loans and home equity lines of credit that are secured by the borrower’s primary or secondary residence. Home equity term loans and lines of credit are generally underwritten using the same criteria used to underwrite one-to-four family residential mortgage loans, but are considered consumer loans. As underwriting is subject to specific regulations, the Company typically underwrites its home equity term loans and lines of credit to conform to widely accepted standards. Several factors are considered in underwriting, including the value of the underlying real estate and the debt to income and credit history of the borrower.

Other consumer loans consist of installment loans to individuals, including automotive loans. These loans are centrally underwritten utilizing the borrower’s financial history, including the Fair Isaac Corporation (“FICO”) credit scoring and information as to the underlying collateral. Repayment is expected from the cash flow of the borrower. Consumer loans may be underwritten with terms up to six years, fully amortized. Unsecured loans are limited to twenty-four months. Loan-to-value ratios vary based on the type of collateral. The Company has established minimum standards and underwriting guidelines for all consumer loan types.

The following table presents the credit risk profile of the Company’s loan portfolio based on internal rating category and payment activity as of September 30, 2020 and 2019:

	2020								
	Single-family, 1-4 units	Multi-family, 5 or more units	Construction, land & land development	Commercial real estate	Consumer Loans	Commercial non-real estate	Paycheck Protection Program	Loans secured by deposits	Total
Grade									
Pass	$ 27,045,881	$ 5,458,804	$ 12,145,124	$ 16,741,201	$ 2,164,663	$ 2,173,250	$ 4,322,559	$ 235,294	$ 70,286,776
Watch	358,831	100,000	2,210,570	9,639,429	3,433	559,231	-	-	12,871,494
Special Mention	-	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-
Total	$ 27,404,712	$ 5,558,804	$ 14,355,694	$ 26,380,630	$ 2,168,096	$ 2,732,481	$ 4,322,559	$ 235,294	$ 83,158,270

	2019								
	Single-family, 1-4 units	Multi-family, 5 or more units	Construction, land & land development	Commercial real estate	Consumer Loans	Commercial non-real estate	Paycheck Protection Program	Loans secured by deposits	Total
Grade									
Pass	$ 29,732,239	$ 5,111,284	$ 7,771,884	$ 26,648,011	$ 2,410,468	$ 2,245,928	$ -	$ 184,724	$ 74,104,538
Watch	302,912	-	3,309,529	29,174	12,384	667,259	-	-	4,321,258
Special Mention	-	-	-	-	-	-	-	-	-
Substandard	68,552	-	-	-	-	-	-	-	68,552
Doubtful	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-
Total	$ 30,103,703	$ 5,111,284	$ 11,081,413	$ 26,677,185	$ 2,422,852	$ 2,913,187	$ -	$ 184,724	$ 78,494,348

The Company evaluates the loan risk rating system definitions and allowance for loan loss methodology on an ongoing basis. The general component of the allowance for loan loss calculations is based on historical loan losses and qualitative factors such as portfolio composition, trends, concentrations, economic conditions, and the adequacy of staffing and loan review. No significant changes were made to the loan risk grading system definitions and allowance for loan loss methodology during the past year.

The following tables present the Company's loan portfolio aging analysis of the recorded investment in loans as of September 30, 2020 and 2019:

	2020						
	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans	Total Loans > 90 Days & Accruing
Real estate loans:							
Single-family, 1-4 units	$ -	$ -	$ -	$ -	$ 27,404,712	$ 27,404,712	$ -
Multi-family, 5 or more units	-	-	-	-	5,558,804	5,558,804	-
Construction, land & land development	-	-	-	-	14,355,694	14,355,694	-
Commercial	-	-	-	-	26,380,630	26,380,630	-
Consumer loans	-	-	-	-	2,168,096	2,168,096	-
Commercial non-real estate loans	-	-	-	-	2,732,481	2,732,481	-
Paycheck protection program loans	-	-	-	-	4,322,559	4,322,559	-
Loans secured by deposits	9,760	-	-	9,760	225,534	235,294	-
Total	$ 9,760	$ -	$ -	$ 9,760	$ 83,148,510	$ 83,158,270	$ -

	2019						
	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans	Total Loans > 90 Days & Accruing
Real estate loans:							
Single-family, 1-4 units	$ -	$ -	$ -	$ -	$ 30,103,703	$ 30,103,703	$ -
Multi-family, 5 or more units	-	-	-	-	5,111,284	5,111,284	-
Construction, land & land development	-	-	-	-	11,081,413	11,081,413	-
Commercial	-	-	-	-	26,677,185	26,677,185	-
Consumer loans	-	-	-	-	2,422,852	2,422,852	-
Commercial non-real estate loans	-	-	-	-	2,913,187	2,913,187	-
Loans secured by deposits	-	-	-	-	184,724	184,724	-
Total	$ -	$ -	$ -	$ -	$ 78,494,348	$ 78,494,348	$ -

A loan is considered impaired, in accordance with the impairment accounting guidance (ASC 310-10-35-16), when based on current information and events, it is probable the Company will be unable to collect all amounts due from the borrower in accordance with the contractual terms of the loan. Impaired loans include nonperforming loans, nonaccrual loans and loans in which a partial charge off has been taken.

The following table presents impaired loans for the years ended September 30, 2020 and 2019:

	2020					
	Unpaid Principal Balance	Recorded Balance	Allocated Allowance for Loan Loss	Average Investment in Impaired Loans	Interest Income Recognized	Interest Income Recognized Cash Basis
Loans without a specific valuation allowance						
Real estate loans:						
Single-family, 1-4 units	$ 79,058	$ 37,191	$ -	$ 39,663	$ 4,307	$ 4,307
Multi-family, 5 or more units	-	-	-	-	-	-
Construction, land & land development	-	-	-	-	-	-
Commercial	-	-	-	-	-	-
Consumer	-	-	-	-	-	-
Commercial non-real estate	-	-	-	-	-	-
Loans with a specific valuation allowance						
Real estate loans:						
Single-family, 1-4 units	-	-	-	-	-	-
Multi-family, 5 or more units	-	-	-	-	-	-
Construction, land & land development	-	-	-	-	-	-
Commercial	-	-	-	-	-	-
Consumer	-	-	-	-	-	-
Commercial non-real estate	-	-	-	-	-	-
Total:						
Real estate loans	79,058	37,191	-	39,663	4,307	4,307
Consumer loans	-	-	-	-	-	-
Commercial non-real estate loans	-	-	-	-	-	-
Total impaired loans	$ 79,058	$ 37,191	$ -	$ 39,663	$ 4,307	$ 4,307

	2019					
	Unpaid Principal Balance	Recorded Balance	Allocated Allowance for Loan Loss	Average Investment in Impaired Loans	Interest Income Recognized	Interest Income Recognized Cash Basis
Loans without a specific valuation allowance						
Real estate loans:						
Single-family, 1-4 units	$ 276,185	$ 207,370	$ -	$ 212,698	$ 11,557	$ 11,557
Multi-family, 5 or more units	-	-	-	-	-	-
Construction, land & land development	-	-	-	-	-	-
Commercial	-	-	-	-	-	-
Consumer	-	-	-	-	-	-
Commercial non-real estate	-	-	-	-	-	-
Loans with a specific valuation allowance						
Real estate loans:						
Single-family, 1-4 units	-	-	-	-	-	-
Multi-family, 5 or more units	-	-	-	-	-	-
Construction, land & land development	-	-	-	-	-	-
Commercial	-	-	-	-	-	-
Consumer	-	-	-	-	-	-
Commercial non-real estate	-	-	-	-	-	-
Total:						
Real estate loans	276,185	207,370	-	212,698	11,557	11,557
Consumer loans	-	-	-	-	-	-
Commercial non-real estate loans	-	-	-	-	-	-
Total impaired loans	$ 276,185	$ 207,370	$ -	$ 212,698	$ 11,557	$ 11,557

At September 30, 2020 and 2019, the Company had no loans on nonaccrual.

At September 30, 2020 and 2019, the Company had no loans that were modified in troubled debt restructurings and impaired. There were no troubled debt restructurings that were on nonaccrual at September 30, 2020 and 2019. There were no newly classified troubled debt restructurings in fiscal year 2020 or in fiscal year 2019.

NOTE 4: PREMISES AND EQUIPMENT

Major classifications of premises and equipment, stated at cost, are as follows:

	2020	2019
Land	$ 1,556,522	$ 1,556,522
Buildings and improvements	4,259,425	4,245,620
Equipment	1,257,069	1,070,746
Automobiles	40,431	40,431
	7,113,447	6,913,319
Less accumulated depreciation	3,232,746	3,064,246
Net premises and equipment	$ 3,880,701	$ 3,849,073

NOTE 5: LOAN SERVICING

Mortgage loans serviced for others are not included in the accompanying consolidated balance sheets. The risks inherent in mortgage servicing assets relate primarily to changes in prepayments that result from shifts in mortgage interest rates. The unpaid principal balances of mortgage loans serviced for others were $28,136,497 and $21,914,215 at September 30, 2020 and 2019, respectively.

Custodial escrow balances maintained in connection with the foregoing loan servicing, and included in demand deposits, were $507,383 and $436,642 at September 30, 2020 and 2019, respectively.

The aggregate fair value of capitalized mortgage servicing rights at September 30, 2020 and 2019, totaled $120,320 and $51,630, respectively. Fair values are estimated using discounted cash flows based on a current market interest rate. For purposes of measuring impairment, risk characteristics, including type of loan, interest rate and remaining term to maturity, were used to stratify the originated servicing rights.

The following summarizes the activity pertaining to mortgage servicing rights measured using the amortization method:

	2020	2019
Balance, beginning of year	$ 51,630	$ 52,202
Servicing rights capitalized	125,315	41,388
Amortization of servicing rights	(56,625)	(41,960)
Balance, end of year	$ 120,320	$ 51,630

NOTE 6: INTEREST-BEARING DEPOSITS

Interest-bearing deposits in denominations of $250,000 or more at September 30, 2020 and 2019, were $35,158,076 and $26,907,806, respectively.

At September 30, 2020, the scheduled maturities of time deposits are as follows:

October 1, 2020 to September 30, 2021	$ 8,573,589
October 1, 2021 to September 30, 2022	1,085,459
October 1, 2022 to September 30, 2023	1,543,629
October 1, 2023 to September 30, 2024	2,064,052
October 1, 2024 to September 30, 2025	1,088,238
October 1, 2032 to September 30, 2033	52,255
	$ 14,407,222

NOTE 7: FEDERAL HOME LOAN BANK ADVANCES

Federal Home Loan Bank advances totaled $1,250,000, bearing a weighted average interest rate of 1.53% at September 30, 2020, and $1,750,000, bearing a weighted average interest rate of 1.48%, at September 30, 2019. Federal Home Loan Bank advances are secured by loans held by the Company totaling $20,761,590. Collateralization requirements are based on a loan-to-value percentage, which varies depending on the type of loan pledged as collateral. At September 30, 2020, the Company, through its subsidiary bank, has a borrowing capacity (subject to collateralization) of $59,979,150. Current indebtedness is $9,750,000, which includes $8,500,000 in letters of credit pledged against public unit funds.

Federal Home Loan Bank advances are summarized by maturity at September 30, 2020, as follows:

October 1, 2020 to September 30, 2021	1,250,000
	$ 1,250,000

NOTE 8: OTHER BORROWINGS

As of September 30, 2020, the Company has a line of credit in the amount of $1,500,000 from Missouri Independent Bank, Jefferson City, Missouri, with a maturity date of November 6, 2020. The line of credit has a one-year term, is secured by the common stock of the Company and has an interest rate of prime with a floor of 4.00%. As of September 30, 2019, the Company had a line of credit in the amount of $1,000,000 from Missouri Independent Bank, with an interest rate of prime plus 0.25%. On November 6, 2020, the line of credit was renewed for another year, extending the maturity date to November 6, 2021, and reducing the floor interest rate to 3.75%. As of September 30, 2020, the amount drawn on the line of credit, was $593,000 at an interest rate of 4.00%. As of September 30, 2019, the amount drawn on the line of credit, was $523,000 at an interest rate of 5.25%.

NOTE 9: INCOME TAXES

The Company or its subsidiary files income tax returns in the U.S. federal jurisdiction and the state of Missouri. For fiscal years ended September 30, 2020 and 2019, the Company nor its subsidiary had any income taxes currently payable nor had an income tax credit. As of September 30, 2020, the Company had $1,422,415 of net operating loss carryforwards available to offset future income taxes. The carryforwards will begin to expire in 2032.

The tax effects of temporary differences related to deferred taxes shown on the balance sheets were:

	2020	2019
Deferred tax assets:		
Allowance for loan losses	$ 296,000	$ 312,000
Deferred revenue on PPP loans	27,000	-
Net operating loss carryforward	344,000	506,000
Other	6,000	6,000
Total deferred tax assets	673,000	824,000
Deferred tax liabilities:		
Mortgage-servicing rights	29,000	14,000
Unrealized gain on securities available for sale	12,653	9,172
Total deferred tax liabilities	41,653	23,172
Valuation Allowance - Tax Deferred Asset	-	310,000
Net deferred tax asset	$ 631,347	$ 490,828
Amount of NOL carryforwards	$ 1,422,415	$ 1,951,064

A reconciliation of income tax at the statutory rate to the Company's actual income tax credit is shown below:

	2020	2019
Computed at the statutory rate	$ 100,500	$ 138,500
Increase (decrease) resulting from:		
Tax-exempt income	(20,300)	(22,200)
Change in valuation allowance	(310,000)	(151,000)
Adjustment of deferred tax asset or liability for enacted changes in tax laws	47,500	-
Other	38,300	34,700
Actual tax credit	$ (144,000)	$ -

For the fiscal year ended September 30, 2020, the Company re-measured certain deferred tax assets and liabilities due to changes in existing tax laws for the State of Missouri. In addition, during the fiscal year ended September 30, 2020, the Company eliminated its valuation allowance for the net deferred tax asset.

NOTE 10: STOCKHOLDERS' EQUITY AND REGULATORY MATTERS

The Company is a Delaware holding company formed to acquire the Bank in 2003 as a result of the Bank's conversion from mutual to stock form. Deposit account holders and borrowers do not have voting rights in the Bank. Voting rights are vested exclusively with stockholders of the holding company. Deposit account holders are insured by the Federal Deposit Insurance Corporation. The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities and certain off-balance-sheet items as calculated under U.S. GAAP, regulatory reporting requirements and regulatory capital standards. The Bank's capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings and other factors. Furthermore, the Bank's regulators could require adjustments to regulatory capital not reflected in these consolidated financial statements.

Quantitative measures established by regulatory reporting standards to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table that follows). As of September 30, 2019 and 2018, pursuant to Part 324 of the FDIC Rules and Regulations, the Bank was categorized as well capitalized under the framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain minimum total risk-based, Tier 1 risk-based, common equity Tier 1 risk-based and Tier 1 leverage ratios as set forth in the table that follows. Effective January 1, 2020, the FDIC finalized the community bank leverage ratio allowing qualifying community banking organizations to adopt a framework so that the minimum total risk-based, Tier 1 risk-based, and common equity Tier 1 risk-based ratios will not be required to be calculated. The Bank adopted the community bank leverage ratio framework and is only required to calculate the minimum total risk-based, Tier 1 risk-based, and common equity Tier 1 risk-based ratios as of December 31, 2019, and June 30, 2020, during the fiscal year ended September 30, 2020. There are no conditions or events since that notification that management believes have changed the Bank's category.

The Bank's actual capital amounts and ratios are also presented in the table.

	Actual		Minimum Required for Capital Adequacy		Minimum Required to be "Well Capitalized"	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Dollars in Thousands)					
AS OF SEPTEMBER 30, 2020:						
Tier 1 capital to adjusted total assets	$ 11,630	9.0%	$ 5,194	4.0%	$ 6,493	5.0%
AS OF SEPTEMBER 30, 2019:						
Total risk-based capital to risk-weighted assets	$ 12,260	16.8%	$ 5,832	8.0%	$ 7,290	10.0%
Tier 1 capital to risk-weighted assets	$ 11,345	15.6%	$ 4,374	6.0%	$ 5,832	8.0%
Common equity Tier 1 risk-based	$ 11,345	15.6%	$ 3,280	4.5%	$ 4,738	6.5%
Tier 1 capital to adjusted total assets	$ 11,345	10.1%	$ 4,500	4.0%	$ 5,625	5.0%

During the fiscal year ended September 30, 2020, the Bank paid cash dividends of $375,000 to the Company. During the fiscal year ended September 30, 2019, the Bank paid cash dividends of $325,000 to the Company.

In July 2013, the three federal bank regulatory agencies jointly published final rules (the Basel III Capital Rules) establishing a new comprehensive capital framework for U.S. banking organizations. The rules implement the Basel Committee's December 2010 framework known as "Basel III" for strengthening international capital standards as well as certain provisions of the Dodd-Frank Act. These rules substantially revise the risk-based capital requirements applicable to bank holding companies and depository institutions, compared to the current U.S. risk-based capital rules. The Basel III Capital Rules define the components of capital and address other issues affecting the numerator in banking institutions' regulatory capital ratios. These rules also address risk weights and other issues affecting the denominator in banking institutions' regulatory capital ratios and replace the existing risk-weighting approach with a more risk-sensitive approach. The Basel III Capital Rules were effective for the Bank on January 1, 2015 (subject to a four-year phase-in period).

The Basel III Capital Rules, among other things, (i) introduce a new capital measure called "Common Equity Tier 1" (CET1), (ii) specify that Tier 1 capital consist of CET1 and "Additional Tier 1 Capital" instruments meeting specified requirements, (iii) define CET1 narrowly by requiring that most deductions/adjustments to regulatory capital measures be made to CET1 and not to the other components of capital and (iv) expand the scope of the deductions/adjustments as compared to existing regulations.

Under the Basel III Capital Rules, the initial minimum capital ratios as of January 1, 2015, are as follows:

- 4.5% CET1 to risk-weighted assets
- 6.0% Tier 1 capital to risk-weighted assets
- 8.0% Total capital to risk-weighted assets
- 4.0% Minimum leverage ratio

Implementation of the deductions and other adjustments to CET1 began on January 1, 2015, and will phase in over a four-year period (beginning at 40% on January 1, 2015, and an additional 20% per year thereafter). Under the new rule, in order to avoid limitations on capital distributions, including dividend payments and certain discretionary bonus payments to executive officers, a banking organization must hold a capital conservation buffer composed of CET1 capital above its minimum risk-based capital requirements. The implementation of the capital conservation buffer began on January 1, 2016, at the 0.625% level and was phased in over a four-year period (increasing by that amount on each subsequent January 1 until it reached 2.5% on January 1, 2019).

NOTE 11: RELATED PARTY TRANSACTIONS

At September 30, 2020 and 2019, the Bank had loans outstanding to executive officers, directors, significant stockholders of the Company and their associates (related parties), in the amount of $447,858 and $538,394, respectively. Deposits from related parties held by the Bank at September 30, 2020 and 2019, totaled $764,723 and $480,383, respectively. In management's opinion, such loans and other extensions of credit and deposits were made in the ordinary course of business and were made on substantially the same terms (including interest and collateral) as those prevailing at the time for comparable transactions with other persons. Further, in management's opinion, these loans did not involve more than normal risk of collectability or present other unfavorable features.

NOTE 12: EMPLOYEE BENEFITS

The Bank has a defined contribution pension plan, which covers substantially all employees. Participants can contribute up to 75% of their salary, subject to certain restrictions imposed by Internal Revenue Code, which the Bank will match 50% of the employee contribution, up to a maximum employee contribution of 6% of salary. Pension plan expense was $42,394 and $38,291 for the years ended September 30, 2020 and 2019, respectively.

Within the defined contribution pension plan, one of the eligible funds for the participants is an Employer Stock Fund that invests in the common stock of the Company. The stock is allocated pro-rata within the fund based on the amount invested in the fund by the participant. As of September 30, 2020, the Employer Stock Fund owned 75,547 shares of the Company. The Employer Stock Fund purchased 700 shares in the open market and purchased 4,000 shares directly from the Company during the fiscal year ended September 30, 2020. As of September 30, 2019, the Employer Stock Fund owned 70,847 shares of the Company. The Employer Stock Fund purchased 3,000 shares in the open market during the fiscal year ended September 30, 2019.

The Company has an ESOP covering substantially all employees. The ESOP acquired 78,292 shares of Company common stock at $10 per share at the initial public offering with funds provided by a loan from the Company. The cost of the ESOP shares acquired was shown as a reduction of stockholders' equity. Shares were released to participants proportionately as the loan was repaid. The loan was paid off during the fiscal year ended September 30, 2016, with all remaining shares acquired at the initial public offering being allocated to participants at December 31, 2015.

During the fiscal year ended September 30, 2020, the Company contributed 4,600 shares to the ESOP. Of the total of 4,600 shares, 1,600 shares were part of the allocation to participants at December 31, 2019 and 3,000 shares will be subject to allocation to participants at December 31, 2020. During the fiscal year ended September 30, 2019, the ESOP re-purchased 1,300 shares at $13.75 per share from employees eligible for diversification or who had terminated employment. The Company also contributed 2,272 shares to the ESOP during the fiscal year ended September 30, 2019. Of the total of 3,572 shares, 472 shares were part of the allocation to participants at December 31, 2018 and 3,100 shares will be subject to allocation to participants at December 31, 2019.

As of September 30, 2020 and 2019, there remained 49,633 and 45,033, respectively, of Company common stock in the ESOP after distributions to employees no longer with the Company or due to diversifications. Compensation expense is recorded when cash contributions are made to the plan or when contributions of stock are made in an amount equal to the fair market value of the stock. The fair market value of stock is determined annually, at December 31, and is based on an independent third party valuation. ESOP compensation expense was $53,000 and $39,497 for the years ended September 30, 2020 and 2019, respectively.

	2020	2019
Allocated shares	46,633	41,933
Shares ratably released for allocation	3,000	3,100
Unallocated shares	-	-
Total ESOP shares	49,633	45,033
Fair value of unreleased shares	$ -	$ -

The Bank is obligated at the option of each beneficiary to repurchase shares of the ESOP upon the beneficiary's termination or after retirement. At September 30, 2020, the fair value of the 46,633 allocated shares held by the ESOP is $746,128. In addition, there were 613 shares held by former employees that were subject to an ESOP-related repurchase option. The fair value of all shares subject to repurchase obligation is $9,808. At September 30, 2019, the fair value of the 41,933 allocated shares held by the ESOP is $576,579. In addition, there were no outstanding shares held by former employees that were subject to an ESOP-related repurchase option.

NOTE 13: EARNINGS PER SHARE

For the year ended September 30, 2020, earnings, basic and diluted, per share was $0.84 based upon weighted-average shares outstanding of 740,536. For the year ended September 30, 2019, earnings, basic and diluted, per share was $0.89 based upon weighted-average shares outstanding of 744,814. There were no outstanding options to purchase shares of common stock at September 30, 2020 and 2019.

NOTE 14: DISCLOSURES ABOUT FAIR VALUE OF ASSETS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- **Level 1** Quoted prices in active markets for identical assets or liabilities
- **Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- **Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying consolidated balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2020 and 2019:

	September 30, 2020			
		Fair Value Measurements Using		
	Fair Value	Quoting Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Government and federal agency	$ 707,206	$ -	$ 707,206	$ -
U.S. Government - sponsored enterprises (GSEs)	1,965,012	-	1,965,012	-

	September 30, 2019			
		Fair Value Measurements Using		
	Fair Value	Quoting Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Government and federal agency	$ 699,498	$ -	$ 699,498	$ -
U.S. Government - sponsored enterprises (GSEs)	4,973,616	-	4,973,616	-
SBA-backed securities	6,835	-	6,835	-

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated balance sheets, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended September 30, 2019.

Available-for-sale Securities

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. At September 30, 2020 and 2019, there are no securities classified within Level 1 or Level 3.

Nonrecurring Measurements

The following table presents the fair value measurement of assets measured at fair value on a nonrecurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2020 and 2019:

	September 30, 2020			
		Fair Value Measurements Using		
	Fair Value	Quoting Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Collateral-dependent impaired loans	$ 37,191	$ -	$ -	$ 37,191

	September 30, 2019			
		Fair Value Measurements Using		
	Fair Value	Quoting Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Collateral-dependent impaired loans	$ 207,370	$ -	$ -	$ 207,370

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a nonrecurring basis and recognized in the accompanying consolidated balance sheets, as well as the general classification of such assets pursuant to the valuation hierarchy. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Collateral-dependent Impaired Loans, Net of ALLL

The estimated fair value of collateral-dependent impaired loans is based on the appraised fair value of the collateral, less estimated cost to sell. Collateral-dependent impaired loans are classified within Level 3 of the fair value hierarchy.

The Company considers the appraisal or evaluation as the starting point for determining fair value and then considers other factors and events in the environment that may affect the fair value. Appraisals of the collateral underlying collateral-dependent loans are obtained when the loan is determined to be collateral-dependent and subsequently as deemed necessary by management. Appraisals are reviewed for accuracy and consistency by management. Appraisers are selected from the list of approved appraisers maintained by management. The appraised values are reduced by discounts to consider lack of marketability and estimated cost to sell if repayment or satisfaction of the loan is dependent on the sale of the collateral. These discounts and estimates are developed by management by comparison to historical results.

Unobservable (Level 3) Inputs

The following table presents quantitative information about unobservable inputs used in recurring and nonrecurring Level 3 fair value measurements.

	Fair Value at 9/30/2020	Valuation Technique	Unobservable Inputs	Range
Collateral-dependent impaired loans	$ 37,191	Internal or third party appraisal	Discount to reflect realizable value	0%

	Fair Value at 9/30/2019	Valuation Technique	Unobservable Inputs	Range
Collateral-dependent impaired loans	$ 207,370	Internal or third party appraisal	Discount to reflect realizable value	0%

Fair Value of Financial Instruments

The following table presents estimated fair values of the Company's financial instruments at September 30, 2020 and 2019:

	2020		2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
FINANCIAL ASSETS				
Cash and cash equivalents	$ 33,855,592	$ 33,855,592	$ 17,388,534	$ 17,388,534
Interest-bearing time deposits	6,417,232	6,559,832	5,402,796	5,477,059
Loans, net of allowance for loan losses	75,957,335	77,834,704	73,737,917	73,044,022
Federal Home Loan Bank stock	174,300	174,300	194,300	194,300
Accrued interest receivable	305,698	305,698	276,984	276,984
FINANCIAL LIABILITIES				
Deposits	$ 113,491,191	$ 115,955,473	$ 95,801,531	$ 94,062,201
Federal Home Loan Bank advances	1,250,000	1,252,487	1,750,000	1,742,094
Interest payable	4,986	4,986	3,859	3,859
Other borrowings	593,000	593,000	523,000	523,000
Advances from borrowers for taxes and insurance	955,072	955,072	1,073,443	1,073,443

The following table presents estimated fair values of the Company's financial instruments and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2020 and 2019:

		Fair Value Measurements Using		
	Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2020				
FINANCIAL ASSETS				
Cash and cash equivalents	$ 33,855,592	$ 33,855,592	$ -	$ -
Interest-bearing time deposits	6,417,232	-	6,559,832	-
Loans, net of allowance for loan losses	75,957,335	-	77,797,513	37,191
Federal Home Loan Bank stock	174,300	-	174,300	-
Accrued interest receivable	305,698	-	305,698	-
FINANCIAL LIABILITIES				
Deposits	$ 113,491,191	$ -	$ 115,955,473	$ -
Federal Home Loan Bank advances	1,250,000	-	1,252,487	-
Interest payable	4,986	-	4,986	-
Other borrowings	593,000	-	593,000	-
Advances from borrowers for taxes and insurance	955,072	-	955,072	-

		Fair Value Measurements Using		
	Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2019				
FINANCIAL ASSETS				
Cash and cash equivalents	$ 17,388,534	$ 17,388,534	$ -	$ -
Interest-bearing time deposits	5,402,796	-	5,477,059	-
Loans, net of allowance for loan losses	73,737,917	-	72,836,652	207,370
Federal Home Loan Bank stock	194,300	-	194,300	-
Accrued interest receivable	276,984	-	276,984	-
FINANCIAL LIABILITIES				
Deposits	$ 95,801,531	$ -	$ 94,062,201	$ -
Federal Home Loan Bank advances	1,750,000	-	1,742,094	-
Interest payable	3,859	-	3,859	-
Other borrowings	523,000	-	523,000	-
Advances from borrowers for taxes and insurance	1,073,443	-	1,073,443	-

The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying balance sheets in amounts other than fair value.

Cash and Cash Equivalents and Interest-Bearing Deposits in Banks

The carrying amount approximates fair value.

Interest-Bearing Time Deposits

Fair value is estimated using a discounted cash flow calculation that applies rates currently offered for deposits of similar remaining maturities.

Loans, net of allowance for loan losses

Fair value is estimated by discounting the future cash flows using the market rates at which similar notes would be made to borrowers with similar credit ratings and for the same remaining maturities. The market rates used are based on current rates the Banks would impose for similar loans and reflect a market participant assumption about risks associated with nonperformance, illiquidity, and the structure and term of the loans along with local economic and market conditions.

Federal Home Loan Bank stock

Fair value is estimated at book value due to restrictions that limit the sale or transfer of such securities.

Accrued Interest Receivable, Interest Payable, Other Borrowings and Advances from Borrowers for Taxes and Insurance

The carrying amount approximates fair value. The carrying amount is determined using the interest rate, balance and last payment date.

Deposits

Fair value of term deposits is estimated by discounting the future cash flows using rates of similar deposits with similar maturities. The estimated fair value of demand, interest-bearing checking, savings and money market deposits is the book value since rates are regularly adjusted to market rates and amounts are payable on demand at the reporting date.

Federal Home Loan Bank Advances

Fair value is estimated by discounting the future cash flows using rates of similar advances with similar maturities. These rates were obtained from current rates offered by FHLB.

NOTE 15: SIGNIFICANT ESTIMATES AND CONCENTRATIONS

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Estimates related to the allowance for loan losses are reflected in the footnote regarding loans. Estimates related to deferred tax assets are reflected in the footnote on income taxes. Current vulnerabilities due to certain concentrations of credit risk are discussed in the footnote on commitments and credit risk. Other significant estimates and concentrations not discussed in those footnotes include:

Investments

The Company invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying consolidated balance sheet.

Deposits

At September 30, 2020, the Company held two interest-bearing checking accounts from one relationship totaling $11,536,795, which is 10.17% of total deposits. The relationship is a public unit.

General Litigation

The Company is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the consolidated financial position, results of operations and cash flows of the Company.

NOTE 16: COMMITMENTS AND CREDIT RISK

LETTERS OF CREDIT – In the normal course of business, the Bank issues various financial standby, performance standby and commercial letters of credit for its customers. As consideration for the letters of credit, the institution charges letter of credit fees based on the face amount of the letters and creditworthiness of the counterparties. These letters of credit are stand-alone agreements, and are unrelated to any obligation the depositor has to the Bank.

Standby letters of credit are irrevocable conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. Financial standby letters of credit are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing and similar transactions. Performance standby letters of credit are issued to guarantee performance of certain customers under non-financial contractual obligations. The credit risk involved in issuing standby letters of credit is essentially the same as the risk that is involved in extending loans to customers.

The Bank had one outstanding standby letter of credit amounting to $15,000 at September 30, 2020 and 2019.

LINES OF CREDIT – Lines of credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Lines of credit generally have fixed expiration dates. Since a portion of the line may expire without being drawn upon, the total unused lines do not necessarily represent future cash requirements. Each customer's creditworthiness is evaluated on a case-by-case basis. The amount of collateral obtained, if deemed necessary, is based on management's credit evaluation of the counterparty. Collateral held varies but may include accounts receivable, inventory, property, plant and equipment, commercial real estate and residential real estate. Management uses the same credit policies in granting lines of credit as it does for on-balance-sheet instruments.

At September 30, 2020, unused lines of credit aggregated $5,177,000, consisting of $2,273,000 secured by 1-4 family real estate (including home equity lines of credit), $1,458,000 secured by commercial real estate, $1,436,000 in commercial lines of credit and $10,000 in other consumer lines of credit. At September 30, 2019, unused lines of credit aggregated $4,542,000, consisting of $1,976,000 secured by 1-4 family real estate (including home equity lines of credit), $1,201,000 secured by commercial real estate, $1,345,000 in commercial lines of credit and $20,000 in other consumer lines of credit.

COMMITMENTS – Commitments to originate loans 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 a portion of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Each customer's creditworthiness is evaluated on a case-by-case basis. The amount of collateral obtained, if deemed necessary, is based on management's credit evaluation of the counterparty. Collateral held varies, but may include accounts receivable, inventory, property, plant and equipment, commercial real estate and residential real estate.

At September 30, 2020, the Company had outstanding commitments to originate loans aggregating approximately $1,218,000, including two land loans for $219,000 and four single-family real estate loans totaling $999,000. At September 30, 2019, the Company had outstanding commitments to originate two single-family real estate loans aggregating approximately $571,000, of which one for $236,000 was also committed to be sold to FHLMC. The commitments were extended over varying periods of time with all to be disbursed within 90 days. In addition, at September 30, 2020, loans in process totaled $5,853,000 with fixed rates between 3.75% and 5.75%. At September 30, 2019, loans in process totaled $3,537,000 with fixed rates between 4.875% and 5.75%.

Mortgage loans in the process of origination represent amounts that the Company plans to fund within a normal period of 60 to 90 days, which includes loans intended for sale to investors in the secondary market. The Company had no loans held for sale at September 30, 2020 and 2019.

NOTE 17: CONDENSED FINANCIAL INFORMATION (PARENT COMPANY ONLY)

Presented below is condensed financial information as to financial position, results of operations and cash flows of the Company as of and for the years ended September 30, 2020 and 2019:

CONDENSED BALANCE SHEETS
September 30, 2020 and 2019

	2020	2019
ASSETS:		
Noninterest-bearing deposit in subsidiary bank	$ 25,567	$ 28,043
Interest-bearing deposits in banks	1,005	1,003
Total cash and cash equivalents	26,572	29,046
Investment in subsidiary bank	11,938,349	11,530,363
Other assets	121,000	72,500
TOTAL ASSETS	$ 12,085,921	$ 11,631,909
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Total liabilities	$ 611,823	$ 540,899
Stockholders' equity	11,474,098	11,091,010
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 12,085,921	$ 11,631,909

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
Years Ended September 30, 2020 and 2019

	2020	2019
Interest income	$ 3,570	$ 11,972
Interest expense	(24,900)	(32,355)
Noninterest income	-	18,750
Noninterest expense	(247,117)	(140,684)
Credit for income taxes	121,000	-
Net loss before dividends and share in undistributed income of the subsidiary bank	(147,447)	(142,317)
Dividends from subsidiary bank	375,000	325,000
Share of undistributed income of the subsidiary bank	394,889	476,787
Net income	622,442	659,470
Other comprehensive income	13,097	87,270
Comprehensive income	$ 635,539	$ 746,740

CONDENSED STATEMENTS OF CASH FLOWS
Years Ended September 30, 2020 and 2019

	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES:		
Net income	$ 622,442	$ 659,470
Cash dividends	(296,114)	(208,724)
Items not requiring cash:		
Share of undistributed income of the subsidiary bank	(394,889)	(476,787)
Other	(47,576)	(74,194)
Net cash used in operating activities	(116,137)	(100,235)
CASH FLOW FROM INVESTING ACTIVITIES:		
Net change in loans	-	263,506
Net cash provided by investing activities	-	263,506
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from other borrowings	989,000	675,000
Repayments from other borrowings	(919,000)	(665,000)
Issuance (net) of common stock	43,663	-
Acquisition (net) of Treasury Stock	-	(164,513)
Net cash provided by (used in) financing activities	113,663	(154,513)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,474)	8,758
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	29,046	20,288
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 26,572	$ 29,046

NOTE 18: FUTURE CHANGE IN ACCOUNTING PRINCIPLE

The Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2016-13, Financial Instruments -- Credit Losses (Topic 326). The ASU introduces a new credit loss model, the current expected credit loss model (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk.

The CECL model utilizes a lifetime “expected credit loss” measurement objective for the recognition of credit losses for loans, held-to-maturity securities and other receivables at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. For available-for-sale securities where fair value is less than cost, credit-related impairment, if any, will be recognized in an allowance for credit losses and adjusted each period for changes in expected credit risk. This model replaces the multiple existing impairment models, which generally require that a loss be incurred before it is recognized.

The CECL model represents a significant change from existing practice and may result in material changes to the Company's accounting for financial instruments. The Company is evaluating the effect ASU 2016-13 will have on its consolidated financial statements and related disclosures. The impact of the ASU will depend upon the state of the economy and the nature of our portfolios at the date of adoption. The new standard is effective for annual periods beginning after December 15, 2022, including interim periods within those fiscal years.

NOTE 19: SUBSEQUENT EVENT

Subsequent events have been evaluated through December 9, 2020, which is the date the financial statements were available to be issued.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the Company. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

CCSB

Financial Corp.

Clay County

Savings Bank

Locations

1178 West Kansas Street
Liberty, Missouri

303 South Jefferson Street
Kearney, Missouri

8140 North Brighton Avenue
Kansas City (North), Missouri

claycountysavings.com

Member FDIC

LENDER