VERSAILLES FINANCIAL CORPORATION
Versailles, Ohio

CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Versailles Financial Corporation
Versailles, Ohio

Opinion

We have audited the consolidated financial statements of Versailles Financial Corporation, which comprise the consolidated balance sheets as of June 30, 2025 and 2024, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Versailles Financial Corporation as of June 30, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, Versailles Financial Corporation has changed its method of accounting for credit losses effective July 1, 2023, due to the adoption of ASU 2016-13 Financial Instruments – Credit Losses (Topic 326). The Company adopted the new credit loss standard using the modified retrospective method such that prior period amounts are not adjusted and continue to be reported in accordance with previously applicable generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Other Information Included in the Annual Report

Management is responsible for the other information included in the Annual Report. The other information comprises the Letter to Stockholders but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Crowe LLP

Crowe LLP

Cleveland, Ohio
September 30, 2025

VERSAILLES FINANCIAL CORPORATION
CONSOLIDATED BALANCE SHEETS
June 30, 2025 and 2024

	2025	2024
ASSETS		
Cash and due from financial institutions	$ 523,272	$ 1,106,032
Overnight deposits and Federal Funds sold	9,073,000	4,923,000
Total cash and cash equivalents	9,596,272	6,029,032
Interest-bearing time deposits in other financial institutions	1,750,000	1,750,000
Securities available for sale	3,187,658	4,492,956
Securities held to maturity (fair value of $10,092 at June 30, 2025 and $14,148 at June 30, 2024)	9,949	14,185
Loans, net of allowance of $529,500 at June 30, 2025 and $516,050 at June 30, 2024	45,116,257	42,698,241
Federal Home Loan Bank stock	153,000	153,000
Premises and equipment, net	932,961	967,545
Accrued interest receivable	134,786	127,632
Other assets	707,147	528,972
Total assets	$ 61,588,030	$ 56,761,563
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Savings and checking accounts	$ 27,010,324	$ 26,736,692
Certificates of deposit	20,076,952	14,301,136
Total deposits	47,087,276	41,037,828
Federal Home Loan Bank advances	-	2,000,000
Other liabilities	2,196,571	1,876,683
Total liabilities	49,283,847	44,914,511
Shareholders' Equity		
Preferred stock, $.01 par value, 1,000,000 shares authorized, none issued and outstanding	-	-
Common stock, $.01 par value, 10,000,000 shares authorized; 350,457 and 350,657 shares issued	3,505	3,507
Additional paid-in capital	2,470,302	2,474,300
Retained earnings	10,319,918	9,993,546
Treasury stock, 35,460 shares, at cost	(354,600)	(354,600)
Unearned employee stock ownership plan shares	-	-
Accumulated other comprehensive loss	(134,942)	(269,701)
Total shareholders' equity	12,304,183	11,847,052
Total liabilities and shareholders' equity	$ 61,588,030	$ 56,761,563

See accompanying notes.

VERSAILLES FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
Years ended June 30, 2025 and 2024

	2025	2024
Interest and dividend income		
Loans, including fees	$ 2,355,246	$ 2,085,172
Securities available for sale	64,402	74,671
Securities held to maturity	683	818
FHLB dividends	13,758	16,614
Deposits with banks	425,676	308,566
Total interest and dividend income	2,859,765	2,485,841
Interest expense		
Deposits	770,208	482,698
Federal Home Loan Bank advances	28,865	48,066
Total interest expense	799,073	530,764
Net interest income	2,060,692	1,955,077
Provision for credit losses	13,450	50,626
Net interest income after provision for credit losses	2,047,242	1,904,451
Noninterest income		
Other income	31,122	39,772
Total noninterest income	31,122	39,772
Noninterest expense		
Salaries and employee benefits	642,637	971,599
Occupancy and equipment	73,883	86,152
Directors’ fees	81,200	79,200
Data processing	174,748	150,995
Franchise taxes	66,240	66,407
Legal, accounting and exam fees	121,123	143,272
Federal deposit insurance	24,202	22,554
Other	149,266	147,216
Total noninterest expense	1,333,299	1,667,395
Income before income taxes	745,065	276,828
Income tax expense	155,700	86,730
Net income	$ 589,365	$ 190,098
Basic and diluted earnings per common share	$ 1.68	$ 0.54

See accompanying notes.

VERSAILLES FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years ended June 30, 2025 and 2024

	2025	2024
Net income	$ 589,365	$ 190,098
Other comprehensive income (loss):		
Unrealized holding gains (losses) on securities available for sale	170,582	144,808
Tax effect	(35,823)	(30,409)
Other comprehensive income (loss), net of tax	134,759	114,399
Comprehensive income	$ 724,124	$ 304,497

See accompanying notes.

VERSAILLES FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
Years ended June 30, 2025 and 2024

	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Unearned ESOP Shares	Accumulated Other Comprehensive Income (Loss)	Total
Balance at July 1, 2023	$ 3,769	$ 2,945,420	$ 10,196,279	$ (354,600)	$ (111,150)	$ (384,100)	$ 12,295,618
Impact of adoption of ASC 326	-	-	(209,992)	-	-	-	(209,992)
Net income	-	-	190,098	-	-	-	190,098
Other comprehensive income, net of tax	-	-	-	-	-	114,399	114,399
Commitment to release 855 ESOP common shares, at fair value	-	8,978	-	-	8,550	-	17,528
ESOP liquidation and payout of 26,991 shares	(270)	(482,960)	-	-	102,600	-	(380,630)
Dividend paid, $0.50 per share	-	-	(182,839)	-	-	-	(182,839)
Vesting of 775 shares under restricted stock award plan	8	(8)	-	-	-	-	-
Stock-based compensation expense	-	2,870	-	-	-	-	2,870
Balance at June 30, 2024	3,507	2,474,300	9,993,546	(354,600)	-	(269,701)	11,847,052
Net income	-	-	589,365	-	-	-	589,365
Other comprehensive income, net of tax	-	-	-	-	-	134,759	134,759
Dividend paid, $0.75 per share	-	-	(262,993)	-	-	-	(262,993)
Purchase and retirement of 200 shares	(2)	(3,998)	-	-	-	-	(4,000)
Vesting of zero shares under restricted stock award plan	-	-	-	-	-	-	-
Stock-based compensation expense	-	-	-	-	-	-	-
Balance at June 30, 2025	$ 3,505	$ 2,470,302	$ 10,319,918	$ (354,600)	$ -	$ (134,942)	$ 12,304,183

See accompanying notes.

VERSAILLES FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Net income	$ 589,365	$ 190,098
Adjustments to reconcile net income to net cash provided from operating activities		
Provision for credit losses	13,450	50,626
Depreciation on premises and equipment	41,367	48,650
Net amortization (accretion) of AFS securities	12,616	21,316
Compensation expense related to share based plans	-	122,998
Deferred taxes	(69,931)	(66,157)
Change in:		
Deferred loan fees	9,595	10,144
Accrued interest receivable	(7,154)	(11,203)
Other assets	(144,067)	26,650
Other liabilities	319,888	191,426
Net cash from operating activities	765,129	584,548
Cash flow from investing activities		
Purchases of interest bearing time deposits	(1,000,000)	-
Maturities of interest bearing time deposits	1,000,000	500,000
Maturities, prepayments, and calls of available-for-sale securities	1,716,358	1,723,653
Purchase of securities available-for-sale securities	(253,094)	-
Maturities, prepayments, and calls of securities held to maturity	4,236	6,762
Loan originations and payments, net	(2,441,061)	(2,463,398)
Sale of FHLB stock	-	61,300
Property and equipment purchases	(6,783)	(4,458)
Net cash (used in) from investing activities	(980,344)	(176,141)
Cash flow from financing activities		
Net change in deposits	6,049,448	(220,474)
Repayment of Federal Home Loan Bank advances	(2,000,000)	-
Repurchase of shares	(4,000)	-
Repurchase of ESOP shares	-	(483,230)
Cash dividends paid on common stock	(262,993)	(182,839)
Net cash (used in) from financing activities	3,782,455	(886,543)
Net change in cash and cash equivalents	3,567,240	(478,136)
Cash and cash equivalents, beginning of period	6,029,032	6,507,168
Cash and cash equivalents at end of period	$ 9,596,272	$ 6,029,032
Cash paid during the year for:		
Interest	$ 728,000	$ 532,000
Income taxes paid	156,820	110,630

See accompanying notes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The accompanying consolidated financial statements include the accounts of Versailles Financial Corporation ("Versailles") and its wholly owned subsidiary, Versailles Savings and Loan Company ("Bank"). Versailles and its subsidiary are collectively referred to as the ("Company"). All material intercompany transactions have been eliminated.

Nature of Operations: Versailles is a thrift holding company incorporated under the laws of the state of Maryland that owns all the outstanding shares of common stock of the Bank. The Bank is an Ohio chartered savings and loan company engaged primarily in the business of making residential mortgage loans and accepting checking, savings, and time deposit accounts. Its operations are conducted through its only office located in Versailles, Ohio. Accordingly, all of its operations are reported in one segment, banking. The Company primarily grants one to four-family residential loans to customers located in Darke and the western half of Shelby counties. This area is strongly influenced by agriculture, but there is also a substantial manufacturing base. Substantially all loans are secured by specific items of collateral including business assets, consumer assets, and commercial and residential real estate. There are no significant concentrations of loans to any one industry or customer. However, the customers' ability to repay their loans is dependent on the real estate and general economic conditions in the area.

Subsequent Events: The Company has evaluated subsequent events for recognition and disclosure through September 30, 2025, which is the date the financial statements were available to be issued.

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

Cash Flows: Cash and cash equivalents include cash and due from financial institutions, federal funds sold and overnight deposits. Net cash flows are reported for customer loan and deposit transactions and advances from the Federal Home Loan Bank with original maturities of 90 days or less.

Interest-bearing Time Deposits in Other Financial Institutions: Interest-bearing time deposits in other financial institutions have original maturities of greater than 90 days and are carried at cost.

Securities: Debt securities are classified as held to maturity and carried at amortized cost when management has the positive intent and ability to hold them to maturity. Debt securities are classified as available for sale when they might be sold before maturity. Securities available for sale are carried at fair value, with unrealized holding gains and losses reported in other comprehensive income, net of tax.

Interest income includes amortization of purchase premiums and discounts. Premiums and discounts on securities are amortized on the level-yield method without anticipating prepayments, except for mortgage backed securities where prepayments are anticipated. Gains and losses on sales are recorded on the trade date and determined using the specific identification method.

Allowance for Credit Losses – Held-to-Maturity Securities: Management measures expected credit losses on held-to-maturity securities on a collective basis. The estimate of expected credit losses considers historical credit loss information adjusted for current conditions and reasonable and supportable forecasts.

All securities held-to-maturity are residential mortgage-backed securities issued by U.S. government-sponsored entities. These securities are either explicitly or implicitly guaranteed by the government. All held to maturity securities are highly rated by major rating agencies and have a long history of no credit losses.

Accrued interest receivable on held-to-maturity debt securities totaled was immaterial at June 30, 2025 and is excluded from the estimate of credit losses.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Credit Losses – Available-For-Sale Securities: For available-for-sale debt securities in an unrealized loss position, the Company first assesses whether it intends to sell, or it is more likely than not that it will be required to sell the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income. For debt securities available-for-sale that do not meet the aforementioned criteria, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers many factors, including: (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, (3) whether the market decline was affected by macroeconomic conditions, and (4) whether the Company has the intent to sell the debt security or more likely than not will be required to sell the debt security before its anticipated recovery. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income.

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

Accrued interest receivable on available-for-sale debt securities was immaterial at June 30, 2025 and is excluded from the estimate of credit losses

Federal Home Loan Bank (FHLB) Stock: The Bank is a member of the FHLB system. Members are required to own a certain amount of stock based on the level of borrowings and other factors, and may invest in additional amounts. FHLB stock is carried at cost, classified as a restricted security, and periodically evaluated for impairment based on ultimate recovery of par value. Both cash and stock dividends are reported as income.

Loans: Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at the principal balance outstanding, net of deferred loan fees and costs, and an allowance for credit losses. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized in interest income using the level-yield method without anticipation of prepayments.

Interest income on loans is discontinued at the time the loan is 90 days delinquent unless the credit is well-secured and in process of collection. Past due status is based on the contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not received for loans placed on nonaccrual are reversed against interest income. Interest received on such loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Under the cost-recovery method, interest income is not recognized until the loan balance is reduced to zero. Under the cash-basis method, interest income is recorded when the payment is received in cash. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The allowance for credit losses is measured on a collective (pool) basis when similar risk characteristics exist. The following portfolio segments have been identified: Mortgage (including 1-4 family real estate, 1-4 family construction and nonresidential), Commercial and Consumer. The allowance for credit losses is estimated using a loss-rate model for all segments. The Company considers loan performance and collateral values in assessing risk in the loan portfolio. A description of each class, and the corresponding segments of the loan portfolio, along with the risk characteristics for each is included below:

Mortgage
1-4 Family real estate: 1-4 family mortgage loans represent loans to consumers for the purchase, refinance or improvement of a residence. Real estate market values at the time of origination directly affect the amount of credit extended and, in the event of default, subsequent changes in these values may impact the severity of losses. Factors considered by management include unemployment levels, credit history and real estate values in the Company's market area.

1-4 Family construction: 1-4 family construction loans represent loans to consumers for the purpose of constructing 1-4 family residences. The risks are similar to 1-4 family real estate but include additional risk should construction costs exceed budget. Construction progress is monitored through periodic inspections to ensure construction draws are consistent with the percentage of completion.

Nonresidential real estate: Non-residential and multi-family loans are subject to underwriting standards and processes similar to commercial loans. These loans are viewed as cash flow loans and the repayment of these loans is largely dependent on the successful operation of the farm, business or property. Loan performance may be adversely affected by factors impacting the general economy or conditions specific to the real estate market such as geographic location and property types. Management specifically considers real estate values, credit history, unemployment levels, crop prices and yields.

Non-mortgage
Commercial: Commercial credit is extended to commercial customers for use in normal business operations to finance working capital needs, equipment purchases, or other projects. The majority of these borrowers are customer's doing business in the Company's primary market area. These loans are generally underwritten individually and secured with the assets of the company and the personal guarantee of the business owners. Commercial business loans are made based primarily on the borrower's ability to make repayment from the historical and projected cash flow of the borrower's business and the underlying collateral provided by the borrower. Management specifically considers unemployment, credit history and the nature of the business.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Premises and Equipment: Land is carried at cost. Premises and equipment are reported at cost less accumulated depreciation. Depreciation is computed on both the straight-line and accelerated methods over the estimated useful lives of the assets. Building and improvements have useful lives ranging from five to forty years. Furniture and equipment have useful lives ranging from five to ten years.

Earnings Per Common Share: Basic earnings per common share is net income divided by the weighted average number of common shares outstanding during the period. Employee Stock Ownership Plan shares are considered outstanding for this calculation unless unearned. All outstanding unvested share-based payment awards that contain rights to nonforfeitable dividends are considered participating securities for this calculation.

The Company established a Rabbi Trust and participants in the Bank's deferred compensation and supplemental retirement plans had the ability to elect to use all or some of the amounts in their accounts to purchase shares in the Company's mutual to stock conversion. These shares are held in the trust and the obligation under the deferred compensation and supplemental retirement plans will be settled with these shares. As such, the shares are carried as treasury stock in the consolidated balance sheets and the shares are considered outstanding for the purpose of calculating earnings per share.

Employee Stock Ownership Plan: The Employee Stock Ownership Plan ("ESOP") was terminated December 31, 2023. The cost of shares issued to the ESOP, but not yet allocated to participants, was shown as a reduction of shareholders' equity. Compensation expense was based on the market price of shares as they were committed to be released to participant accounts. Dividends on allocated ESOP shares reduced retained earnings. Dividends on unearned ESOP shares reduced debt and accrued interest.

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

Stock-Based Compensation: Compensation cost is recognized for restricted stock awards issued to directors and officers based on the fair value of these awards at the date of grant, which is the market price of the Company's common stock at the date of grant.

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

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

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

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

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Comprehensive Income: Comprehensive income consists of net income and other comprehensive income (loss). Other comprehensive income (loss) includes unrealized gains and losses on securities available for sale, which are also recognized as a separate component of equity, net of tax.

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

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

Risks and Uncertainties: In 2023, certain banks with highly concentrated deposit funding experienced dramatic customer demand for withdrawals that led to the failure of the bank. Management believes the Bank's deposit base is sufficiently diversified such that it is not exposed to liquidity risk of the same magnitude. Nevertheless, competition for deposits is intense and could result in an increase in the Bank's funding costs and a decrease in overall profitability for the foreseeable future.

Adoption of New Accounting Standards: On July 1, 2023, the Company adopted ASU 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,* as amended, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities.

The Company adopted ASC 326 using the modified retrospective method for all financial assets measured at amortized cost, and off-balance-sheet credit exposures. Results for reporting periods beginning after July 1, 2023 are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP. The Company recorded a $209,992 increase to the allowance for credit losses for loans as of July 1, 2023 for the cumulative effect of adopting ASC 326. The Company recorded no allowance for credit losses for held-to-maturity securities or for off-balance sheet credit exposures as management estimated the impact to be immaterial.

(Continued)

NOTE 2 – SECURITIES

The amortized cost, unrealized gains and losses recognized in accumulated other comprehensive income (loss), and fair value of securities available for sale were as follows.

	2025			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. treasury securities	$ 1,758,496	$ -	$ (35,976)	$ 1,722,520
Government sponsored entities residential mortgage-backed:				
FHLMC	647,586	-	(50,758)	596,828
GNMA	240,621	-	(21,382)	219,239
FNMA	711,767	-	(62,696)	649,071
	$ 3,358,470	$ -	$ (170,812)	$ 3,187,658

	2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. treasury securities	$ 3,018,644	$ -	$ (141,054)	$ 2,877,590
Government sponsored entities residential mortgage-backed:				
FHLMC	739,018	-	(77,172)	661,846
GNMA	287,166	-	(35,366)	251,800
FNMA	789,522	-	(87,802)	701,720
	$ 4,834,350	$ -	$ (341,394)	$ 4,492,956

The amortized cost, unrecognized gains and losses, and fair value of securities held to maturity were as follows.

	2025			
	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value
Government sponsored entities residential mortgage-backed:				
FHLMC	$ 5,005	$ 138	$ -	$ 5,143
GNMA	4,944	5	-	4,949
	$ 9,949	$ 143	$ -	$ 10,092

(Continued)

NOTE 2 – SECURITIES (Continued)

	2024			
	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value
Government sponsored entities residential mortgage-backed:				
FHLMC	$ 6,376	$ 112	$ -	$ 6,488
GNMA	7,809	-	(149)	7,660
	$ 14,185	$ 112	$ (149)	$ 14,148

The amortized cost and fair value of debt securities available for sale at year-end 2025 by contractual maturity was as follows. Expected maturities may differ from contractual maturities if issuers have the right to call or prepay obligations with or without call or prepayment penalties. Securities not due at a single maturity date are shown separately.

	Amortized Cost	Fair Value
Due in one year or less	$ 1,001,767	$ 986,602
Due from one to five years	756,729	735,918
Residential mortgage-backed	1,599,974	1,465,138
Total	$ 3,358,470	$ 3,187,658

At June 30, 2025 and 2024, there were no holdings of securities of any one issuer, other than the U.S. Treasury, in an amount greater than 10% of shareholders' equity.

At June 30, 2025 and 2024, no securities were pledged.

Securities with unrealized losses at June 30, 2025, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, are as follows:

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
2025						
Available-for-sale:						
U.S. treasury	$ 250,605	$ (1,469)	$ 1,471,915	$ (34,507)	$ 1,722,520	$ (35,976)
Government sponsored entities residential mortgage-backed:						
FHLMC	-	-	596,828	(50,758)	596,828	(50,758)
GNMA	-	-	219,239	(21,382)	219,239	(21,382)
FNMA	-	-	649,071	(62,696)	649,071	(62,696)
Total available-for-sale	$ 250,605	$ (1,469)	$ 2,937,053	$ (169,343)	$ 3,187,658	$ (170,812)

NOTE 2 – SECURITIES (Continued)

Securities with unrealized losses at June 30, 2024, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, are as follows:

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
2024						
Available-for-sale:						
U.S. treasury	$ -	$ -	$ 2,877,590	$ (141,054)	$ 2,877,590	$ (141,054)
Government sponsored entities residential mortgage-backed:						
FHLMC	-	-	661,846	(77,172)	661,846	(77,172)
GNMA	251,800	(35,366)	-	-	251,800	(35,366)
FNMA	-	-	701,720	(87,802)	701,720	(87,802)
Total available-for-sale	$ 251,800	$ (35,366)	$ 4,241,156	$ (306,028)	$ 4,492,956	$ (341,394)

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrecognized Loss	Fair Value	Unrecognized Loss	Fair Value	Unrecognized Loss
Held-to-maturity:						
Government sponsored entities residential mortgage-backed:						
GNMA	7,660	(149)	-	-	7,660	(149)
Total held-to-maturity	$ 7,660	$ (149)	$ -	$ -	$ 7,660	$ (149)

Unrealized losses on securities have not been recognized into income because the securities are of high credit quality, the Company does not intend to sell the securities, it is more likely than not that the Company will not be required to sell the securities prior to their anticipated recovery, and the decline in fair value is largely due to changes in market interest rates and fixed income market conditions since the purchase date. Credit quality of the securities is considered to be high, and the fair value is expected to recover as the securities approach their maturity date.

NOTE 3 – LOANS

Loans at year-end were as follows:

	2025	2024
Mortgage		
1-4 family real estate	$ 39,512,265	$ 36,359,491
1-4 family - construction	516,267	478,146
Non-residential real estate	772,080	1,294,556
Commercial	3,695,857	3,835,923
Consumer	1,201,381	1,288,821
Total loans	45,697,850	43,256,937
Deferred loan (fees) costs	(52,093)	(42,646)
Allowance for credit losses	(529,500)	(516,050)
	$ 45,116,257	$ 42,698,241

NOTE 3 – LOANS (Continued)

Loans to principal officers, directors, and their affiliates during fiscal 2025 and 2024 were as follows.

	2025	2024
Beginning balance	$ 61,340	$ 81,248
Additions	-	-
Repayments	(13,088)	(19,908)
Ending balance	$ 48,252	$ 61,340

The following table presents the activity in the allowance for credit losses by portfolio segment for the year ended June 30, 2025:

	Allowance at June 30, 2024	Provision for Credit Losses	Loans Charged-off	Recoveries	Allowance at June 30, 2025
1-4 family real estate	$ 415,303	$ 20,842	$ -	$ -	$ 436,145
1-4 family – construction	8,143	369	-	-	8,512
Nonresidential real estate	41,766	(12,034)	-	-	29,732
Commercial	17,004	2,486	-	-	19,490
Consumer	33,834	1,787	-	-	35,621
Total	$ 516,050	$ 13,450	$ -	$ -	$ 529,500

The following table presents the activity in the allowance for credit losses by portfolio segment for the year ended June 30, 2024:

	Allowance at June 30, 2023	ASC 326 Impact	Provision for Credit Losses	Loans Charged-off	Recoveries	Allowance at June 30, 2024
1-4 family real estate	$ 213,021	$ 134,852	$ 67,430	$ -	$ -	$ 415,303
1-4 family – construction	-	15,149	(7,006)	-	-	8,143
Nonresidential real estate	8,826	43,624	(10,684)	-	-	41,766
Commercial	27,820	(9,078)	(1,738)	-	-	17,004
Consumer	5,765	25,445	2,624	-	-	33,834
Total	$ 255,432	$ 209,992	$ 50,626	$ -	$ -	$ 516,050

There were no loans individually evaluated for credit loss at June 30, 2025 or during the year ending June 30, 2024.

Loan Performance and Credit Quality Indicators: The Company considers the performance of the loan portfolio and its impact on the allowance for loan losses. For all loan classes, the Company primarily evaluates credit quality based on the aging status of the loan and by payment activity.

There were no nonaccrual loans or loans past due 90 days or more still on accrual as of June 30, 2025 and 2024.

(Continued)

NOTE 3 – LOANS (Continued)

As of June 30, 2025, there were no loans delinquent more than 29 days. As of June 30, 2024, there were two loans in 1-4 family real estate that are past due between 30 and 59 days. These loans were originated in 2014 and 2021 and have a balance of $202,710 and $96,909, respectively.

The Company modified no loans to borrowers experiencing financial difficulty during the years ending June 30, 2025 and 2024.

NOTE 4 – PREMISES AND EQUIPMENT

Year-end premises and equipment were as follows.

	2025	2024
Land	$ 81,807	$ 81,807
Building and improvements	1,252,663	1,252,663
Furniture and equipment	255,932	246,057
Total	1,590,402	1,580,527
Accumulated depreciation	(657,441)	(612,982)
	$ 932,961	$ 967,545

NOTE 5 – DEPOSITS

Deposits from principal officers, directors, and their affiliates at June 30, 2025 and 2024 were $1,834,994 and $1,893,212, respectively. The aggregate amount of certificates of deposit accounts with balances greater than or equal to $250,000 at year-end 2025 and 2024 was $3,963,337 and $1,821,684, respectively.

Scheduled maturities of certificates of deposit were as follows.

Year ended June 30,	
2026	$ 17,662,501
2027	2,300,640
2028	34,014
2029	79,797
2030	-
	$ 20,076,952

(Continued)

NOTE 6 – FEDERAL HOME LOAN BANK ADVANCES

Year-end advances from the Federal Home Loan Bank were as follows.

	Rate	2025	2024
Fixed rate advance, matured February 5, 2025	2.40%	$ -	$ 2,000,000
		$ -	$ 2,000,000

Advances under the borrowing agreements are collateralized by a blanket pledge of the Company's residential mortgage loan portfolio and FHLB stock. At June 30, 2025 and 2024, the Company had approximately $38,957,000 and $34,576,000 of qualifying first-mortgage loans pledged, in addition to FHLB stock, as collateral for FHLB advances. At June 30, 2025, based on the Bank's current FHLB stock ownership, total assets and pledged first mortgage loan portfolio, the Bank had the ability to obtain borrowings up to $4,616,000.

NOTE 7 – INCOME TAXES

Income tax expense was as follows.

	2025	2024
Current	$ 225,631	$ 152,887
Deferred	(69,931)	(66,157)
Total	$ 155,700	$ 86,730

Effective tax rates differ from the federal statutory rate applied to income before income taxes due to the following (21% statutory rate for 2025 and 2024).

	2025	2024
Federal statutory rate times financial statement income	$ 156,464	$ 58,134
Effect of:		
Tax exempt interest income, net of interest expense disallowance	(783)	(802)
Stock-based compensation	(5,127)	19,300
Other, net	5,146	10,098
Total	$ 155,700	$ 86,730
Effective tax rate	20.90%	31.33%

(Continued)

NOTE 7 – INCOME TAXES (Continued)

Year-end deferred tax assets and liabilities were due to the following.

	2025	2024
Deferred tax assets:		
Allowance for credit losses	$ 111,195	$ 108,371
Accrued compensation	447,359	415,960
Restricted stock expense	-	3,803
Unrealized loss on securities available for sale	35,871	71,693
Deferred loan fees and costs	10,940	8,955
Total deferred tax asset	605,365	608,782
Deferred tax liabilities:		
FHLB stock	(6,511)	(6,511)
Accrual to cash	3,161	(1,612)
Accumulated depreciation	(6,017)	(6,797)
Accrued wages	-	(31,973)
Total deferred tax liability	(9,367)	(46,893)
Net deferred tax asset	$ 595,998	$ 561,889

The Company has not recorded a deferred tax liability of approximately $163,000 at June 30, 2025 and 2024 related to approximately $778,000 of cumulative special bad debt deductions arising prior to December 31, 1987, the end of the Company's base year for purposes of calculating the bad debt deduction. If the Company were liquidated or otherwise ceases to be a financial institution or if the tax laws were to change, this amount would be expensed.

At June 30, 2025 and 2024, the Company had no unrecognized tax benefits recorded. The Company does not expect the amount of unrecognized tax benefits to significantly change within the next twelve months ended June 30, 2025 and 2024 and no amounts accrued for penalties and interest as of June 30, 2025 or 2024.

The Company is subject to U.S. federal income tax. The Company is no longer subject to examination by the federal taxing authority for years prior to 2021. The tax years 2022-2024 remain open to examination by the U.S. taxing authority.

NOTE 8 – RETIREMENT PLANS

Employee 401(k) and Profit Sharing Plan: The Company maintains a 401(k) and profit sharing plan for all eligible employees. Employees are eligible one year from the date of hire and must have at least 1,000 hours of service. Eligible employees may contribute up to 15% of their compensation subject to a maximum statutory limitation. The Company provides a matching contribution on behalf of participants who make elective compensation deferrals, at the rate of 50% of the first 6% of the participant's discretionary contribution. Employee contributions are always 100% vested. Employer matching contributions vest on a graduated basis at the rate of 20% per year in years two through six so that the employee is 100% vested after six years of service. The 2025 and 2024 expense related to this plan was $13,003 and $13,201, respectively.

Deferred Compensation and Supplemental Retirement Plan: The Board of Directors adopted a deferred compensation and supplemental retirement plan for directors and executive officers of the Company during fiscal 1999. Upon adoption, each nonemployee director was credited with $1,494 for each year of service as a director and the employee director was credited with $5,103 for each year of service prior to plan initiation. Beginning December 31, 1998, each nonemployee director receives a credit to their account equal to 24% of the cash compensation that a participant earned during that calendar year. Employees that are directors receive an annual credit of 8%. At the participant's election, the participant's account earns interest at the rate of the Company's return on average equity for that year or at the rate the Company is paying on a certificate of deposit having a term of one year or less at January 1 of that year. Total expense related to the Plan was $41,205 and $65,546 for the years ended June 30, 2025 and 2024. The accrued supplemental retirement liability included in other liabilities was $582,485 at June 30, 2025 and $541,279 at June 30, 2024. There were no distributions to participants or their beneficiaries during the years ended June 30, 2025 and 2024.

Additionally, each participant may elect to defer up to 25% in base salary and up to 100% of director's fees, bonuses or other cash compensation. Amounts in participant's accounts are vested at all times. The accrued deferred compensation liability included in other liabilities was $1,193,198 at June 30, 2025 and $1,084,882 at June 30, 2024. Earnings on amounts deferred included in salaries and employee benefits expense totaled $20,820 and $69,348 for the years ended June 30, 2025 and 2024. There were no distributions to participants during the years ended June 30, 2025 and 2024. The Plan is unfunded and subject to the general claims of creditors.

In conjunction with the conversion to a stock company with concurrent formation of a holding company, the Company allowed participants in the supplemental retirement and deferred compensation plans to use all or a portion of their funds in a one-time election to purchase shares of the holding company at conversion.

The shares are held in a Rabbi Trust and the obligation under the plans will be settled with these shares. Participant stock held by the Rabbi Trust is classified in equity as Treasury Stock. Subsequent changes in the fair value of the stock are not recognized. The deferred compensation obligation is classified as an equity instrument and changes in the fair value of the amount owed to the participant are not recognized. These shares are considered outstanding for the purpose of both basic and diluted EPS. The participants elected to use $354,600 to purchase 35,460 shares of common stock.

(Continued)

NOTE 9 – EMPLOYEE STOCK OWNERSHIP PLAN

As part of the conversion to a stock company, the Company formed a leveraged ESOP. The plan had a December 31 year-end and the first allocation was December 31, 2010. The ESOP borrowed from the Company, totaling $342,000, to purchase 34,200 shares of stock at $10 per share.

The Company terminated the ESOP plan as of December 31, 2023. The participants exercised their right to require the Company to repurchase the allocated shares. As such the Company repurchased and retired 26,991 shares allocated to participants for approximately $614,000. The ESOP loan was paid off in connection with the termination. The Company recognized compensation expense for the difference between the recorded amount for unearned ESOP shares and the fair value of the shares.

NOTE 10 – COMMITMENTS, OFF-BALANCE-SHEET RISK AND CONTINGENCIES

Some financial instruments, such as loan commitments, credit lines and letters of credit are issued to meet customer financing needs. These are agreements to provide credit or to support the credit of others, as long as conditions established in the contract are met, and usually have expiration dates. Commitments may expire without being used. Off-balance-sheet risk to credit loss exists up to the face amount of these instruments, although material losses are not anticipated. The same credit policies are used to make such commitments as are used for loans, including obtaining collateral at exercise of the commitment.
The contractual amounts of financial instruments with off-balance-sheet risk at year-end were as follows:

	2025		2024	
	Balance	Rate	Balance	Rate
1-4 family real estate	$ 425,000	5.75 – 6.25%	$ 48,000	6.00%
Undisbursed construction	$ 633,733	6.25 – 6.50%	$ 802,053	5.375 – 7.25%

Commitments to make loans are generally made for periods of 60 days or less. The loan commitments have maturities ranging up to 30 years.

At June 30, 2025 and 2024, the Company had no unused lines of credit.

NOTE 11 – FAIR VALUE

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

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

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

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

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

Investment Securities: The fair values for investment securities are determined by quoted market prices, if available (Level 1). For securities where quoted prices are not available, fair values are calculated based on market prices of similar securities (Level 2), using matrix pricing. Matrix pricing is a mathematical technique commonly used to price debt securities that are not actively traded, values debt securities without relying exclusively on quoted prices for the specific securities, but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2 inputs). For securities where quoted prices or market prices of similar securities are not available, fair values are calculated using discounted cash flows or other market indicators (Level 3).

Assets and liabilities measured at fair value on a recurring basis at June 30, 2025 and 2024, are summarized below:

	Fair Value Measurements at June 30, 2025 Using:			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Financial assets				
Securities available for sale				
U.S. treasury securities	$ 1,722,520	$ -	$ -	$ 1,722,520
Government sponsored agencies residential mortgage-backed				
FHLMC	-	596,828	-	596,828
GMNA	-	219,239	-	219,239
FNMA	-	649,071	-	649,071
Total securities available for sale	$ 1,722,520	$ 1,465,138	$ -	$ 3,187,658

(Continued)

NOTE 11 – FAIR VALUE (Continued)

	Fair Value Measurements at June 30, 2024 Using:			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Financial assets				
Securities available for sale				
U.S. treasury securities	$ -	$ 2,877,590	$ -	$ 2,877,590
Government sponsored agencies residential mortgage-backed				
FHLMC	-	661,846	-	661,846
GMNA	-	251,800	-	251,800
FNMA	-	701,720	-	701,720
Total securities available for sale	$ -	$ 4,492,956	$ -	$ 4,492,956

There were no financial instruments measured at fair value on a non-recurring basis at June 30, 2025 or 2024. The carrying amounts and estimated fair values of financial instruments, not carried at fair value, at June 30, 2025 and 2024 are as follows:

	Carrying Value	Fair Value Measurements at June 30, 2025 Using:			
		Level 1	Level 2	Level 3	Total
Financial assets					
Cash and cash equivalents	$ 9,596,272	$ 9,596,272	$ -	$ -	$ 9,596,272
Interest bearing time deposits	1,750,000	-	1,750,000	-	1,750,000
Securities held to maturity	9,949	-	10,092	-	10,092
Loans, net of allowance	45,116,257	-	-	41,866,551	41,866,551
FHLB stock	153,000	N/A	N/A	N/A	N/A
Accrued interest receivable	134,786	-	17,598	117,188	134,786
Financial liabilities					
Time deposits	$ (20,076,952)	$ -	$ (20,020,000)	$ -	$ (20,020,000)
FHLB advances	-	-	-	-	-
Accrued interest payable	(147,646)	-	(147,646)	-	(147,646)

(Continued)

NOTE 11 – FAIR VALUE (Continued)

	Carrying Value	Fair Value Measurements at June 30, 2024 Using: Level 1	Level 2	Level 3	Total
Financial assets					
Cash and cash equivalents	$ 6,029,032	$ 6,029,032	$ -	$ -	$ 6,029,032
Interest bearing time deposits	1,750,000	-	1,750,000	-	1,750,000
Securities held to maturity	14,185	-	14,148	-	14,148
Loans, net of allowance	42,698,241	-	-	38,323,000	38,323,000
FHLB stock	153,000	N/A	N/A	N/A	N/A
Accrued interest receivable	127,632	-	12,641	114,991	127,632
Financial liabilities					
Time deposits	$ (14,301,136)	$ -	$ (14,111,000)	$ -	$ (14,111,000)
FHLB advances	(2,000,000)	-	(1,961,000)	-	(1,961,000)
Accrued interest payable	(76,598)	-	(76,598)	-	(76,598)

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

NOTE 12 – REGULATORY MATTERS

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Capital adequacy guidelines and prompt corrective action regulations involve quantitative measures of assets, liabilities and certain off-balance-sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by the regulators. Failure to meet capital requirements can initiate regulatory action. The net unrealized gain or loss on available for sale securities is not included in computing regulatory capital. Management believes as of June 30, 2025, the Bank meets all capital adequacy requirements to which it is subject.

Prompt corrective action regulations provide five classifications: well-capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required.

In 2019, the federal banking agencies jointly issued a final rule that provides for an optional, simplified measure of capital adequacy, the community bank leverage ratio framework (CBLR framework), for qualifying community banking organizations, consistent with Section 201 of the Economic Growth, Regulatory Relief, and Consumer Protection Act. The final rule became effective on January 1, 2020 and was elected by the Bank as of June 30, 2025 and 2024.

NOTE 12 – REGULATORY MATTERS (Continued)

The community bank leverage ratio removes the requirement for qualifying banking organizations to calculate and report risk-based capital but rather only requires a Tier 1 to average assets (leverage) ratio. Qualifying banking organizations that elect to use the community bank leverage ratio framework and that maintain a leverage ratio of greater than required minimums will be considered to have satisfied the generally applicable risk based and leverage capital requirements in the agencies' capital rules (generally applicable rule) and, if applicable, will be considered to have met the well capitalized ratio requirements for purposes of section 38 of the Federal Deposit Insurance Act. Under the final rules the community bank leverage ratio minimum requirement is 9%. The final rule allows for a two-quarter grace period to correct a ratio that falls below the required amount, provided that the bank maintains a leverage ratio of at least 8%.

Under the final rule, an eligible banking organization can opt out of the CBLR framework and revert back to the risk-weighting framework without restriction. As of June 30, 2025 and 2024, the Bank was a qualifying community banking organization as defined by the federal banking agencies and elected to measure capital adequacy under the CBLR framework.

At June 30, 2025 and 2024, the most recent regulatory notifications categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the institution's category.

At year-end, the Bank's actual and required capital amounts (in thousands) and ratios were as follows.

	Actual		To Be Well Capitalized Under Prompt Corrective Action Regulations (CBLR Framework)	
	Amount	Ratio	Amount	Ratio
June 30, 2025				
Tier I (core) capital (to average total assets)	$ 12,286	20.1%	$ 5,502	9.0%
June 30, 2024				
Tier I (core) capital (to average total assets)	$ 12,044	21.2%	$ 5,122	9.0%

The Qualified Thrift Lender test requires at least 65% of assets to be maintained in housing-related finance and other specified areas. If this test is not met, limits are placed on growth, branching, new investments and FHLB advances, or the Company must convert to a commercial bank charter. Management believes that this test is met.

The Bank converted from a mutual to a stock institution, and a "liquidation account" was established at $7,378,641, which was net worth reported in the conversion prospectus. The liquidation account represents a calculated amount for the purposes described below, and it does not represent actual funds included in the consolidated financial statements of the Company. Eligible depositors who have maintained their accounts, less annual reductions to the extent they have reduced their deposits, would receive a distribution from this account if the Company liquidated. Dividends may not reduce shareholders' equity below the required liquidation account balance.

(Continued)

NOTE 13 – EARNINGS PER SHARE

The two-class method is used in the calculation of basic earnings per share. Under the two-class method, earnings available to common shareholders for the period are allocated between common shareholders and participating securities according to dividends declared (or accumulated) and participation rights in undistributed earnings. The factors used in the earnings per share computation follow:

	2025	2024
Basic		
Net income available to common shareholders	$ 589,365	$ 190,098
Less: Income allocated to participating securities	-	(390)
Net income allocated to common shareholders	$ 589,365	$ 189,708
Weighted average common shares outstanding including participating securities	350,567	356,932
Less: Average unearned participating securities	-	(62)
Less: Average unallocated ESOP shares	-	(5,558)
Weighted average shares	350,567	351,312
Basic and diluted earnings per common share	$ 1.68	$ 0.54

NOTE 14 – STOCK-BASED COMPENSATION

The Company's 2011 Equity Incentive Plan (the "Plan"), which was approved by shareholders on November 15, 2011, permits the grant of share options to its employees for up to an aggregate of 42,750 shares of common stock. As of June 30, 2025 and 2024, no grants of stock options related to the Plan have occurred and thus no compensation expense has been recognized related to option grants for the years ended June 30, 2025 and 2024.

The Plan also provides for the issuance of up to 17,100 restricted shares to directors and officers. The Company awarded 13,600 restricted stock awards ("RSAs") during the year ended June 30, 2014 and 3,500 RSAs during the year ended June 30, 2019. All RSA's were vested by June 30, 2024. Total compensation cost that has been charged against income for the RSAs was $0 and $2,870 for the years ended June 30, 2025 and 2024. The total income tax benefit was $0 and $603 for the years ended June 30, 2025 and 2024. The fair value of the stock was determined using the Company's over-the-counter stock price at the grant date. RSA shares vest ratably over a three-year period for directors and a three or five-year-period for officers on the anniversary of the grant date. The shares have voting rights and participants receive nonforfeitable dividends on the unvested shares. Unvested RSA's are considered to be participating securities in the earnings per share calculation.

The fair value of RSA's which vested during the years ended June 30, 2025 and 2024 totaled $0 and $15,926, respectively.