CRAZY WOMAN
Creek Bancorp

2022 ANNUAL REPORT

CONTENTS

CRAZY WOMAN
Creek Bancorp

December 21, 2022

To our Customers and Shareholders,

Demonstrating our continuing commitment to provide returns to our shareholders with balancing internal requirements, we have declared an annual cash dividend of $0.31 per share to be paid in January 2023.

We continue to build our franchise as Crazy Woman Creek Bancorp (CRZY) and Buffalo Federal Bank, known as The Banks of Buffalo, Sheridan, Gillette and BFSB Mortgage of Evanston. Headquartered in Buffalo, Wyoming, our bank remains a vital business and community partner since founding in 1936. We take great pride in meeting our customers' banking needs with a passion for local decision-making and personal involvement in our communities. Our vision remains to be the premier community bank serving the needs of individuals, families and businesses throughout North-Central Wyoming.

Crazy Woman Creek Bancorp posted the second-best performance in our 86-year history; at September 30, 2022 the fiscal year net income of $1,558,145 corresponded to an annualized return on equity (ROE) of 11.19% and annualized return on assets (ROA) of .92%.

Our foundation continues to be the successful management of our cost of funds and loan yields. We are especially proud our net interest margin at September 30, 2022 of 4.17% places us fourth highest in Wyoming and far above the state average of 3.39%. Our annual loan growth of 5.90% continued to be strong and above the state average growth of 3.10%. We maintain ample capital ratios and at September 30, 2022, our Tier 1 Leverage Ratio was 9.69%. This ratio substantially exceeds the current definition for "well-capitalized" institutions and allows flexibility to explore strategic initiatives in coming years.

Our continuing commitment to asset quality is clear. Nonperforming assets were 0.28% at September 30, 2022; essentially unchanged from September 30, 2021 at 0.26%. During this fiscal year, we achieved an over 30-day past-due monthly loan delinquency average of 0.61% and at September 30, 2022, the balance held in foreclosed and repossessed assets was zero. Our loan loss reserve at September 30, 2022 was 1.87% and substantially above the Wyoming average of 1.53%. We are confident that our reserve position is solid and accurately reflects the identifiable risks in our loan portfolio with deteriorating regional and national economic conditions forecast in 2023. Our bank is prepared for the implementation of CECL in the first quarter of 2023.

Our continuing strong financial results demonstrate the efforts of a dedicated management team, our commitment to delivering diversified financial services and products, high levels of customer service and professionalism. We will focus on maintaining conservative lending protocols, improving operating efficiencies and building long-term value for our shareholders. Our employees and board members are hard-working and dedicated and we could not ask for a better team. I truly appreciate our customers for their

106 Fort Street P.O. Box 1020 Buffalo, Wyoming 82834
Phone (307) 684 - 5591 Fax (307) 684 - 7854

CRAZY WOMAN
Creek Bancorp

continuing partnership and our shareholders for entrusting us with their capital. We continue to build upon the accomplishments of the past and look forward to another prosperous year.

Our annual meeting is scheduled at 3:00MDT on January 25th, 2023, at our corporate office located at 106 Fort Street in Buffalo, WY.

Paul M. Brunkhorst
President and CEO

Deane D. Bjerke
Chairman

106 Fort Street P.O. Box 1020 Buffalo, Wyoming 82834
Phone (307) 684 - 5591 Fax (307) 684 - 7854

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Crazy Woman Creek Bancorp
Buffalo, Wyoming

Opinion

We have audited the accompanying consolidated financial statements of Crazy Woman Creek Bancorp and Subsidiary (the Company), which comprise the consolidated balance sheets as of September 30, 2022 and 2021, 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 financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and subsidiaries as of September 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards, 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 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 the Company'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 the Company'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.

Report on Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Letter to Stockholders on pages 1 and 2, and the Corporate Information on page 52 are the responsibility of management, and are of a non-accounting nature and have not been subjected to the auditing procedures applied in the audit of the consolidated financial statements. Accordingly, we do not express an opinion or provide any assurance on them.

Anderson ZurMuehlen + Co., P.C.

Helena, Montana
December 9, 2022

FINANCIAL STATEMENTS

CRAZY WOMAN CREEK BANCORP
CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands Except Share and Per Share)
September 30, 2022 and 2021

ASSETS		**2022**		2021
Cash and due from banks	**$**	**1,062**	$	1,134
Federal funds		**6,149**		16,986
Interest-bearing due from banks		**2,837**		2,738
Cash and cash equivalents		**10,048**		20,858
Investment and mortgage-backed securities available-for-sale		**22,193**		23,743
Stock in Federal Reserve Bank of Kansas City, at cost		**196**		196
Stock in Federal Home Loan Bank of Seattle, at cost		**415**		405
Loans held-for-sale		**413**		1,076
Loans receivable, net		**130,536**		107,033
Bank-owned life insurance		**3,859**		1,800
Accrued interest receivable		**905**		714
Premises and equipment, net		**3,299**		3,407
Income tax receivable		**67**		-
Deferred income tax		**1,779**		478
Goodwill		**132**		132
Other assets		**157**		210
Total assets	**$**	**173,999**	$	160,052

The Notes to Financial Statements are an integral part of these statements.

CRAZY WOMAN CREEK BANCORP
CONSOLIDATED BALANCE SHEETS (CONTINUED)
(Dollars in Thousands Except Share and Per Share)
September 30, 2022 and 2021

LIABILITIES AND STOCKHOLDERS' EQUITY	**2022**	2021
Liabilities:		
Deposits	**$ 154,769**	$ 134,114
Advances from Federal Home Loan Bank	**5,000**	5,753
Other borrowed money	**2,000**	4,766
Advance payments by borrowers for taxes and insurance	**85**	107
Income taxes payable	**-**	97
Accrued expenses and other liabilities	**569**	467
Total liabilities	**162,423**	145,304
Stockholders' equity:		
Common stock, par value $.10 per share, 5,000,000 shares authorized; 1,058,000 issued, 530,014 and 530,014 outstanding at September 30, 2022 and September 30, 2021, respectively.	**106**	106
Additional paid-in capital	**10,303**	10,303
Retained earnings	**14,696**	13,302
Accumulated other comprehensive income (loss), net	**(5,061)**	(495)
Treasury stock at cost, 527,986 shares at September 30, 2022 and September 30, 2021, respectively	**(8,468)**	(8,468)
Total stockholders' equity	**11,576**	14,748
Total liabilities and stockholders' equity	**$ 173,999**	$ 160,052

The Notes to Financial Statements are an integral part of these statements.

CRAZY WOMAN CREEK BANCORP
CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME
(Dollars in Thousands Except Share and Per Share Data)
Years Ended September 30, 2022 and 2021

	2022	2021
INTEREST INCOME:		
Loans receivable	$ 5,825	$ 5,443
Mortgage-backed securities	2	3
Investment securities	533	439
Other interest-earning assets	133	64
Total interest income	6,493	5,949
INTEREST EXPENSE:		
Deposits	340	408
Advances from Federal Home Loan Bank	141	161
Other interest expense	103	114
Total interest expense	584	683
Net interest income	5,909	5,266
Provision for loan losses	322	383
Net interest income after provision for loan losses	5,587	4,883
NON-INTEREST INCOME:		
Customer service charges	148	136
Gain (loss) on sale of securities	-	1
Gain on sale of loans	608	1,220
Other operating income	597	646
Total non-interest income	1,353	2,003
NON-INTEREST EXPENSE:		
Compensation and benefits	2,793	2,357
Occupancy and equipment	415	405
FDIC/SAIF deposit insurance premiums	57	39
Advertising	218	182
Data processing services	614	691
Professional fees	257	217
Other	626	621
Loss on disposal of obsolete equipment	5	-
Total non-interest expense	4,985	4,512
Income before income taxes	1,955	2,374
Income tax expense (benefit)	397	486
Net income	$ 1,558	$ 1,888

The Notes to Financial Statements are an integral part of these statements.

CRAZY WOMAN CREEK BANCORP
CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME (CONTINUED)
(Dollars in Thousands Except Share and Per Share Data)
Years Ended September 30, 2022 and 2021

	2022	2021
OTHER COMPREHENSIVE LOSS		
Unrealized gain/loss on securities available-for-sale, net of reclassification adjustment	**(4,566)**	(471)
Comprehensive income	**$ (3,008)**	$ 1,417
Net income	**1,558**	1,888
Net income available to common stockholders	**$ 1,558**	$ 1,888
Dividends declared per common share	**$ 0.31**	$ 0.30
Basic earnings per share	**$ 2.94**	$ 3.56
Diluted earnings per share	**$ 2.94**	$ 3.56

The Notes to Financial Statements are an integral part of these statements.

CRAZY WOMAN CREEK BANCORP
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Dollars in Thousands Except Share and Per Share Data)
Years Ended September 30, 2022 and 2021

	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total stockholders' equity
Balance at October 1, 2020	$ 106	$ 10,303	$ 11,573	$ (24)	$ (8,468)	$ 13,490
Net income	-	-	1,888	-	-	1,888
Unrealized loss on securities available-for-sale, net of reclassification adjustment	-	-	-	(471)	-	(471)
Cash dividends declared- common stock	-	-	(159)	-	-	(159)
Balance at September 30, 2021	**106**	**10,303**	**13,302**	**(495)**	**(8,468)**	**14,748**
Net income	**-**	**-**	**1,558**	**-**	**-**	**1,558**
Unrealized gain on securities available-for-sale, net of reclassification adjustment	**-**	**-**	**-**	**(4,566)**	**-**	**(4,566)**
Cash dividends declared- common stock	**-**	**-**	**(164)**	**-**	**-**	**(164)**
Balance at September 30, 2022	**$ 106**	**$ 10,303**	**$ 14,696**	**$ (5,061)**	**$ (8,468)**	**$ 11,576**

The Notes to Financial Statements are an integral part of these statements.

CRAZY WOMAN CREEK BANCORP
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Thousands Except Share and Per Share Data)
Years Ended September 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Net income	**$ 1,558**	$ 1,888
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	**322**	383
Provision for EDP/EPO	**17**	11
Loans originated for sale	**(24,319)**	(44,678)
Proceeds from sales of loans held-for-sale	**24,965**	45,879
Amortization of premiums and discounts on investment securities	**4**	5
Deferred income tax (benefit) expense	**(87)**	(59)
Depreciation	**189**	185
Mutual fund dividends reinvested	**(34)**	(6)
Deferred loan origination fees, net	**(71)**	53
Gain on bank-owned life insurance	**(59)**	(41)
Loss/(Gain) on sale of securities	**5**	(1)
Change in:		
Accrued interest receivable	**(191)**	(4)
Other assets	**53**	(50)
Income taxes payable	**(164)**	77
Accrued expenses and other liabilities	**47**	58
Net cash from operating activities	**2,235**	3,700
Cash flows from investing activities:		
Purchases of securities available-for-sale	**(4,606)**	(13,497)
Proceeds from maturities, calls and prepayments of securities available-for-sale	**406**	11,528
Purchases of FHLB stock	**(40)**	(27)
Proceeds from FHLB stock	**30**	2
Proceeds from sale of repossessed/foreclosed assets	**-**	-
Change in loans receivable	**(23,699)**	(8,623)
Purchases of premises and equipment	**(86)**	(182)
Net cash from investing activities	**(27,995)**	(10,799)

The Notes to Financial Statements are an integral part of these statements.

CRAZY WOMAN CREEK BANCORP
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(Dollars in Thousands Except Share and Per Share Data)
Years Ended September 30, 2022 and 2021

	2022	2021
Cash flows from financing activities:		
Net increase (decrease) in deposits	**20,655**	18,209
Advances from Federal Home Loan Bank	**-**	2,000
Repayment of advances from Federal Home Loan Bank	**(753)**	(2,047)
Advances on other borrowed money	**-**	-
Repayment on other borrowed money	**(2,766)**	(1,743)
Net increase (decrease) in advances from borrowers for taxes and insurance	**(22)**	(4)
Acquisition of treasury stock, at cost	**-**	-
Dividends paid to stockholders-common	**(164)**	(159)
Net cash from financing activities	**16,950**	16,256
Net increase (decrease) in cash and cash equivalents	**(10,810)**	9,157
Cash and cash equivalents at beginning of year	**20,858**	11,701
Cash and cash equivalents at end of year	**$ 10,048**	$ 20,858
Cash paid during the year for:		
Interest	**$ 588**	$ 683
Income taxes	**$ 649**	$ 467

The Notes to Financial Statements are an integral part of these statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations
Buffalo Federal Bank (BFB or the Bank) provides services to individual and corporate customers through its Branch offices operating under the name of "The Bank" in Buffalo, Gillette and Sheridan, Wyoming. BFB has mortgage operations in Evanston, Wyoming. BFB offers a variety of deposit products to its customers while concentrating its lending activities on real estate loans. These real estate lending activities focus on the origination of loans secured by one-to-four family residential real estate, multi-family, commercial real estate and home equity loans. BFB is subject to competition from other financial service providers, subject to the regulations of certain federal and state agencies and undergoes periodic examinations by those regulatory authorities.

Basis of Consolidation
The accompanying consolidated financial statements include the accounts of Crazy Woman Creek Bancorp Incorporated (the Holding Company) and its wholly-owned subsidiary, Buffalo Federal Bank (BFB). The Holding Company and BFB are herein referred to collectively as "the Company." All significant intercompany balances and transactions have been eliminated in consolidation.

Basis of Presentation
The accompanying consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP), as codified by the Financial Accounting Standards Board.

Use of Estimates
In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and income and expenses for the period. Actual results could differ significantly from those estimates.

Material estimates that are particularly susceptible to significant change in the near-term related to the determination of the allowance for loan losses (ALLL). Management believes that the allowance for loan losses is adequate; however, future additions to the allowance may be necessary based on changes in factors affecting the borrowers' ability to repay and growth of the loan portfolio. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the allowance for loan losses. Such agencies may require BFB to recognize additions to the allowance based on their judgments about information available to them at the time of their examination.

Cash Equivalents
For purposes of the consolidated statements of cash flows, the Company considers all cash, daily interest demand deposits, amounts due from banks and interest-bearing deposits with banks with original maturities of three months or less to be cash equivalents.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment Securities Available-for-Sale
Investment securities available-for-sale include securities that management intends to use as part of its overall asset/liability management strategy and that may be sold in response to changes in interest rates and resultant prepayment risk and other related factors. Securities available-for-sale are carried at fair value and unrealized gains and losses (net of related tax effects) are excluded from earnings and reported as a separate component of comprehensive income.

The carrying value of securities is adjusted for amortization of premiums and accretion of discounts using the level-yield method over the estimated lives of the securities. Upon realization, gains and losses from the sale of securities are included in earnings using the specific identification method. Declines in the fair value of individual available-for-sale securities below their cost that are other than temporary result in write-downs of the individual securities to their fair value. The related write-downs are included in earnings as realized losses. In estimating other-than-temporary impairment losses, management considers (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, and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

Loans Held for Sale
The mortgage division of the Company closes mortgage loans for the purpose of selling them to the secondary market. These loans are classified as held for sale. The gains on the sale of the loans are recorded as income when the loan is paid off by the investor.

EDP/EPO Reserve
Early default and early payoff (EDP/EPO) reserve is established to estimate the repurchase of sold loans. The Bank may have to repurchase sold loans due to either borrower early defaults or early payoffs. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. The balance of the reserve as of September 30, 2022 and 2021 was $12,110 and $13,500, respectively.

Stock in Federal Home Loan Bank
The Bank holds stock in the Federal Home Loan Bank (FHLB). The Bank's investment in FHLB stock is carried at par value, which approximates its fair value. As a member of the FHLB system, the Bank is required to maintain a minimum level of investment in FHLB stock based on specific percentages of the Bank's outstanding mortgages, total assets or FHLB advances.

At September 30, 2022 and 2021 the Bank's minimum required investment was approximately $415 and $405 respectively. Amounts in excess of the required minimum for FHLB membership may be redeemed at par at FHLB's discretion, which is subject to their capital plan, bank policies, and regulatory requirements, which may be amended or revised periodically. Management periodically evaluates FHLB stock for other-than-temporary or permanent impairment.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Stock in Federal Home Loan Bank (Continued)
Management's determination of whether these investments are impaired is based on its assessment of the ultimate recoverability of cost rather than by recognizing temporary declines in value. The determination of whether a decline affects the ultimate recoverability of cost is influenced by criteria such as 1) the significance of any decline in net assets of the FHLB as compared to the capital stock amount for the FHLB and the length of time this situation has persisted, 2) commitments by the FLHB to make payments required by law or regulation and the level of such payments in relation to the operating performance of the FHLB, 3) the impact of legislative and regulatory changes on institutions, and accordingly, the customer base of the FHLB, and 4) the liquidity position of the FHLB.

Stock in Federal Reserve Bank of Kansas City
The Company holds stock in the Federal Reserve Bank of Kansas City (FRB). The Bank's investment in FRB stock is carried at par value, which approximates its fair value. As a member of the FRB system, the Bank is required to maintain a minimum level of investment in FRB stock based on capital levels reported on the call report. This amount was $196 as of September 30, 2022 and 2021.

Foreclosed Real Estate and Other Assets Owned
Real estate and other assets acquired through, or in lieu of, loan foreclosures are held for sale and are initially recorded at the lower of fair value less estimated selling costs or the loan balance on the date of foreclosure. Losses arising from the initial acquisition of property, in full or partial satisfaction of loans, are charged to the allowance for loan losses.

Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of the initial carrying value or fair value less costs to sell. Any decline in value subsequent to foreclosure is reported as a loss on foreclosed assets and included in non-interest income or expense. Operating expenses relative to foreclosed assets are expensed as incurred, while certain improvements and other costs may be capitalized if the expenditures are likely to be recaptured upon disposition of the asset. Gain or loss on the sale of foreclosed assets, if any, is recognized at the time of sale. Repossessed other assets include foreclosed real estate. At September 30, 2022 and 2021, foreclosed real estate was $-0-. Other repossessed other assets at September 30, 2022 and 2021, was $-0-.

Premises and Equipment
Land is carried at cost. Other premises and equipment are stated at cost less accumulated depreciation. Depreciation is provided using straight-line and accelerated methods over the estimated useful lives of 39 or 40 years for the buildings and 5 to 10 years for furniture, fixtures and equipment.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Bank Owned Life Insurance

During the first quarter of fiscal year 2010 the Bank made a $1,250 investment in bank owned life insurance (BOLI). The Bank made an additional investment of $2,000 in BOLI in the third quarter 2022. The total investment in BOLI was $3,250 and $1,250 as of September 30, 2022 and 2021. These policies insure the lives of officers of the Bank and name the Bank as beneficiary. Noninterest income is generated tax-free from the increase in the policies' underlying investments made by the insurance company.

Goodwill

Goodwill represents the excess of cost over fair value of net assets acquired and is tested for impairment annually or more often if an event occurs or circumstances change that would indicate impairment may exist. There was no goodwill impairment in 2022 or 2021.

Other Assets

Other assets, including core deposit intangibles, are reviewed for impairment whenever events or circumstances indicate the carrying amount of the asset may not be recoverable. An impairment loss is recognized if the sum of the expected future cash flows is less than the carrying amount of the asset. If impaired, an impairment loss is recognized to reduce the carrying value of the asset to its fair value. No other assets were identified as impaired as of September 30, 2022 or 2021.

Federal Income Taxes

The Company files a consolidated federal income tax return. There are no state income taxes in the locations the Company operates. Income tax expense is the total of the current year income tax due or refundable and the change in deferred tax assets and liabilities (excluding deferred tax assets and liabilities related to other comprehensive income). Deferred tax assets and liabilities are the expected future tax amounts for the temporary differences between carrying amounts and tax basis of assets and liabilities, computed using enacted tax rates. Realization of deferred tax assets is dependent upon the generation of a sufficient level of future taxable income and recoverable taxes paid in prior years. Although realization is not assured, management believes it is more likely than not that all of the deferred tax assets will be realized.

GAAP prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Benefits from tax positions should be recognized in the financial statements only when it is more likely than not that the tax position will be sustained upon examination by the appropriate taxing authority that would have full knowledge of all relevant information. A tax position that meets the more-likely-than-not recognition threshold is measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Income Taxes (Continued)
Tax positions that previously failed to meet the more-likely-than-not recognition threshold should be recognized in the first subsequent financial reporting period in which that threshold is met. Previously recognized tax positions that no longer meet the more-likely-than-not recognition threshold should be derecognized in the first subsequent financial reporting period in which that threshold is no longer met. GAAP also provides guidance on the accounting for and disclosure of unrecognized tax benefits, interest, and penalties.

The Company files a consolidated income tax return with the Bank; however, income tax expense is allocated to the entities on a separate return basis.

Earnings per Share
Basic earnings per share (EPS) is calculated by dividing net income available to common stockholders by the weighted average number of common shares outstanding during the period less unvested management stock bonus plan, treasury stock and unallocated ESOP shares. Diluted earnings per share is calculated by dividing such net income by the weighted average number of common shares used to compute basic EPS plus the incremental amount of potential common stock determined by the treasury stock method.

Fiscal Year
The Company's fiscal year ends on September 30. Unless otherwise noted, references to a fiscal year refer to the year in which such fiscal year ends.

Comprehensive Income
Comprehensive income includes net income, as well as other changes in stockholders' equity that result from transactions and economic events other than those with stockholders. The Company's only significant element of other comprehensive income is unrealized gains and losses on securities available-for-sale.

Advertising Costs
Advertising costs are charged to expense as incurred. Advertising costs in 2022 and 2021 were $218 and $182, respectively.

Compensated Absences
Full-time employees of the Bank are entitled to paid vacation and sick days, depending upon length of service. Upon termination of employment, employees are entitled to be paid for unused vacation.

Accrued compensated absences were $45 and $65 as of September 30, 2022 and 2021, respectively.

(Dollars in Thousands Except Share and Per Share Data)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Event Evaluation
Management has evaluated subsequent events through December 9, 2022, the date which the financial statements were available for issue.

NOTE 2. INVESTMENT AND MORTGAGE-BACKED SECURITIES AVAILABLE-FOR-SALE

The amortized cost, gross unrealized gains and losses, and estimated fair values of investment securities available-for-sale at September 30 are as follows:

2022:	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
U.S. agency/treasury obligations	**$ 27,497**	**$ -**	**$ (6,310)**	**$ 21,187**
Municipal securities	**706**	**-**	**(47)**	**659**
Mutual funds	**344**	**-**	**(49)**	**295**
Mortgage-backed securities:				
FHLMC certificates	**7**	**-**	**-**	**7**
FNMA certificates	**46**	**-**	**(1)**	**45**
Total MBS	**53**	**-**	**(1)**	**52**
	$ 28,600	**$ -**	**$ (6,407)**	**$ 22,193**
2021:				
U.S. agency/treasury obligations	$ 23,497	$ -	$ (675)	$ 22,822
Municipal securities	485	2	-	487
Mutual funds	309	43	-	352
Mortgage-backed securities:				
FHLMC certificates	7	-	-	7
FNMA certificates	71	4	-	75
Total MBS	78	4	-	82
	$ 24,369	$ 49	$ (675)	$ 23,743

(Dollars in Thousands Except Share and Per Share Data)

NOTE 2. INVESTMENT AND MORTGAGE-BACKED SECURITIES AVAILABLE-FOR-SALE (CONTINUED)

Information pertaining to securities with gross unrealized losses at September 30, 2022 and 2021, aggregated by investment category and length of time that individual securities have been in a continuous loss position, follows:

	Less than 12 months		12 months or greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
September 30, 2022:						
U.S. agency/treasury obligations	**$ 5,387**	**$ (613)**	**$ 15,800**	**$ (5,697)**	**$ 21,187**	**$ (6,310)**
Municipal securities	**554**	**(47)**	**-**	**-**	**554**	**(47)**
Mutual funds	**295**	**(49)**	**-**	**-**	**295**	**(49)**
Mortgage-backed securities	**40**	**(1)**	**-**	**-**	**40**	**(1)**
Total	**$ 6,276**	**$ (710)**	**$ 15,800**	**$ (5,697)**	**$ 22,076**	**$ (6,407)**
September 30, 2021:						
U.S. agency/treasury obligations	$ 20,885	$ (612)	$ 1,937	$ (63)	$ 22,822	$ (675)
Municipal securities	-	-	-	-	-	-
Mutual funds	-	-	-	-	-	-
Mortgage-backed securities	-	-	-	-	-	-
Total	$ 20,885	$ (612)	$ 1,937	$ (63)	$ 22,822	$ (675)

As of September 30, 2022, and 2021, twenty-four and eleven securities were in an unrealized loss position, respectively. Management evaluates securities for other-than-temporary impairment (OTTI) at least on a quarterly basis. The Company must consider wither it intends to sell a security or if it is likely that they would be required to sell the security before recovery of the amortized cost basis of the investment, which may be maturity. For debt securities, if the Company intends to sell the security or it is likely that they will be required to sell the security before recovering its cost basis, the entire impairment loss would be recognized in earnings as an OTTI. If the Company does not intend to sell the security and it is not likely that it will be required to sell the security, but the Company does not expect to recover the entire amortized cost basis of the security, only the portion of the impairment loss representing credit losses would be recognized in earnings. The credit loss on a security is measured as the difference between the amortized costs basis and the present value of the cash flows expected to be collected.

(Dollars in Thousands Except Share and Per Share Data)

NOTE 2. INVESTMENT AND MORTGAGE-BACKED SECURITIES AVAILABLE-FOR-SALE (CONTINUED)

Maturities based on the average life of securities available-for-sale (other than mutual funds) at September 30, 2022, are shown below. Mortgage-backed securities are included in this maturity schedule based on contractual maturity.

	Amortized Cost	Fair Value
Due within one year	$ 115	$ 115
Due after one year through five years	2,043	1,985
Due after five years through ten years	6,601	5,597
Due after ten years	19,497	14,201
	$ 28,256	$ 21,898

At September 30, 2022 and 2021, the Company had investment securities with amortized costs of approximately $11,997 and $10,772 pledged as security for public funds or other funds on deposit. For the years ended September 30, 2022 and 2021, there were $-0- and $1 sales of investment securities available for sale, respectively.

NOTE 3. LOANS AND ALLOWANCE FOR LOAN LOSSES

The loan portfolio composition, based upon the purpose and primary source of repayment of the loans, net at September 30 are summarized as follows:

	2022	2021
Real estate mortage loans, including commercial real estate	**$ 99,663**	$ 79,008
Real estate construction loans, including commercial real estate	**7,807**	3,792
Consumer loans	**5,371**	5,283
Home equity loans	**5,008**	4,290
Commercial and agricultrual loans	**17,711**	18,479
Savings account and other loans	**177**	272
Overdraft deposit accounts	**31**	16
	135,768	111,140
Less:		
Loans in process	**2,646**	1,732
Loan loss reserves	**2,495**	2,212
Deferred loan fees	**91**	163
	$ 130,536	$ 107,033

NOTE 3. LOANS AND ALLOWANCE FOR LOAN LOSSES (CONTINUED)

Loans that the Bank originates and for which the Bank has the intent and the ability to hold for the foreseeable future or until either maturity or earlier prepayment are measured at the outstanding principal amount net of the allowance for loan losses and net of any deferred loan fees or costs. The Bank's views regarding the foreseeable future and, consequently, its intent with respect to holding these loans may change due to changes in business strategies, the economic environments of the markets in which the Bank operates, general market conditions, and the availability of various government programs in which the Bank participates.

Interest on performing loans is accrued based on the outstanding principal balance. The recorded investment in loans is adjusted for any applicable unearned income. Interest income is recognized over the contractual life of the loan using the interest method, which results in a constant effective yield over the contractual life of the loan.

(Dollars in Thousands Except Share and Per Share Data)

NOTE 3. LOANS AND ALLOWANCE FOR LOAN LOSSES (CONTINUED)

Age and Interest Accrual Status

The following tables present informative data by class of financing receivable regarding their age and interest accrual status at September 30, 2022 and 2021:

		Past due					Status of Interest Accruals	
2022	Current	30-59 days	60-89 days	over 90 days	Total Past Due	Total Loans Receivable	Total Financing Receivables on Nonaccrual Status	Financing Receivables Past Due ≥ 90 Days and Still Accruing Interest
Commercial and agriculture	**$ 17,711**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 17,711**	**$ 25**	**$ -**
Residential Mortgage Loans								
Construction	**7,807**	**-**	**-**	**-**	**-**	**7,807**	**-**	**-**
Other	**22,112**	**-**	**-**	**-**	**-**	**22,112**	**-**	**-**
Commercial Real Estate	**62,998**	**-**	**-**	**-**	**-**	**62,998**	**301**	**-**
Agricultural Real Estate	**14,553**	**-**	**-**	**-**	**-**	**14,553**	**-**	**-**
Consumer	**5,312**	**42**	**11**	**6**	**59**	**5,371**	**8**	**-**
Home equity loans	**5,008**	**-**	**-**	**-**	**-**	**5,008**	**155**	**-**
Savings account and other	**177**	**-**	**-**	**-**	**-**	**177**	**-**	**-**
Overdraft deposit accounts	**31**	**-**	**-**	**-**	**-**	**31**	**-**	**-**
	$ 135,709	**$ 42**	**$ 11**	**$ 6**	**$ 59**	**$ 135,768**	**$ 489**	**$ -**
2021								
Commercial and agriculture	$ 18,479	$ -	$ -	$ -	$ -	$ 18,479	$ -	$ -
Residential Mortgage Loans								
Construction	3,792	-	-	-	-	3,792	-	-
Other	20,197	-	-	-	-	20,197	-	-
Commercial Real Estate	47,698	1,183	-	-	1,183	48,881	-	-
Agricultural Real Estate	9,105	573	-	252	825	9,930	252	-
Consumer	5,263	13	1	6	20	5,283	6	-
Home equity loans	4,125	-	-	165	165	4,290	165	-
Savings account and other	272	-	-	-	-	272	-	-
Overdraft deposit accounts	16	-	-	-	-	16	-	-
	$ 108,947	$ 1,769	$ 1	$ 423	$ 2,193	$ 111,140	$ 423	$ -

NOTE 3. LOANS AND ALLOWANCE FOR LOAN LOSSES (CONTINUED)

The Bank considers a loan past due when the borrower defaults on making one or more interest or principal payments contractually required under the terms of the loan.

If repayment of a loan is expected to be obtained solely from the proceeds of selling or operating the assets that are collateral for the loan, the loan is designated as being collateral dependent. When a collateral-dependent loan is between 90 and 120 days past due, the Bank initiates a fair value assessment of the property that is pledged as collateral for the loan. The Bank considers the sufficiency of a loan's collateral by comparing the estimated fair value of the collateral less 6% to cover potential expenses of foreclosure to the recorded investment in the loan adjusted for any superior liens to which the collateral is subject. If the estimated fair value of the collateral, net of estimated foreclosure-related expenses equals or exceeds the adjusted recorded investment in the loan, the loan is judged to be sufficiently collateralized.

The Bank's policies for placing loans on nonaccrual status and for writing them off against the allowance for loan losses differ based on the loan's portfolio segment. Upon classifying a loan as being on nonaccrual status, the Bank discontinues the accrual of interest and reverses any accrued but previously uncollected interest that has previously been recognized as interest income.

Credit Risk Policies
The following table summarizes, by portfolio segment, the policies with respect to placing loans on nonaccrual status and writing them off as partially or fully uncollectible:

Commercial loans, including commercial real estate loans	When determined that principal or interest collection is doubtful or when a default of interest or principal has existed for 90 days or more and the loan is either under-collateralized or in the process of collection.	The Bank generally writes off commercial loans when: • Management judges the loan to be uncollectible; • The asset has been classified as a loss by either our internal loan review process or by external examiners • The borrower has filed bankruptcy and the loss is evident due to a lack of assets If the loan is collateral-dependent, the Bank generally writes it down to the fair value of the collateral less estimated liquidation costs.
Consumer loans	Classified as nonaccrual when at 90 days past due	Generally when the loans are between 120 to 180 days past due
Residential real estate loans	Classified as nonaccrual when at 90 days past due.	Home equity installment loans and lines of credit and residential real estate loans that are insufficiently collateralized but are in the process of collection are written down at 90 days past due to the lower of cost or fair value less liquidation costs. The unsecured portion of these loans is written off in accordance with regulatory guidelines. The remaining portion of these loans continues to be classified as being on nonaccrual status.

NOTE 3. LOANS AND ALLOWANCE FOR LOAN LOSSES (CONTINUED)

Credit Risk Policies (Continued)
The Bank recognizes an allowance for loan losses in an amount believed to be sufficient to absorb losses inherent in the loan portfolio, including those losses not yet specifically identifiable. In consultation with the Board of Directors, the allowance for loan losses is reviewed by the Chief Executive Officer and the Chief Financial Officer on a monthly basis. Determination of the amount of the allowance is complex and requires the exercise of judgment regarding matters that are inherently uncertain.

The following discussion is intended to provide insight into how the Bank manages and identifies risks associated with financing receivables separately for each distinct portfolio segment.

Commercial and commercial real estate loans	• Historical loss trends and changes to those trends by lending product and by borrower industry sector • Statistical data obtained from independent third-party sources regarding industry, regional, and national economic conditions, both historical and projected • Favorable and unfavorable changes in our internally assigned risk ratings with respect to individual loans • Specific borrower credit quality trends • For commercial real estate loans, market data regarding the commercial real estate market for the geographic location and type of property that serves the collateral
Consumer loans	• Changes in the overall economic environment including, but not limited to unemployment rates • Delinquency status • Borrower behavior
Residential real estate loans	• Delinquency rates • Trends in housing prices and their effects on the estimated realizable value of loan collateral and on experienced loan loss severities; especially for high loan-to-value home equity and mortgage loans • Unemployment rates and the outlook for changes in those rates

There was one change to what is included in the excellent risk profile. See last sentence in that category's definition. No other changes were implemented in the accounting policies or methodologies during the years ended September 30, 2022 and 2021.

Among the factors that are susceptible to significant change are estimates of:

- Default probability and loss experience on defaulted loans
- Magnitude of exposure at date of default
- Amounts and timing of expected cash flows on impaired loans
- Fair value of loan collateral
- Historical loss exposure, and
- Qualitative factors including adjustments to estimates based on changes in economic conditions that may not have been reflected in historical results

NOTE 3. LOANS AND ALLOWANCE FOR LOAN LOSSES (CONTINUED)

Credit Risk Policies (Continued)
While the allowance methodologies strive to reflect all relevant risk factors, there continues to be an element of uncertainty associated with, but not limited to potential imprecision in the estimation process due to the inherent time lag of obtaining information. The Bank provides additional allowances designed to cover losses attributable to these risks.

The qualitative information considered in exercising this judgment includes:

- Credit quality trends
- Recent loss experience in each specific portfolio segment
- The ability and depth of lending management and,
- Changes in risk monitoring and underwriting standards

It is reasonably possible that subsequent evaluations of the loan portfolio in the near term based on then-prevailing factors may result in significant changes in the allowance.

The allowance for credit losses consists of three distinct components:

1. Asset-specific component
2. Formulaic component
3. Cash flow impairment

The asset-specific component relates to loans specifically identified as being impaired. A loan is considered impaired when, based on currently available information, it is probable that the Bank will not collect all of the principal and interest contractually required by the loan agreement. Impaired loans include loans that have been modified in a troubled debt restructuring and loans that have been placed on nonaccrual status. The Bank recognizes an allowance for loan losses for this component when the recorded investment in the loan exceeds the estimate of the cash flows expected to be received from the borrower. Cash flow estimates are made using internal calculations incorporating the best estimate of key assumptions such as default rates, loss severity, and payment speeds. If repayment of a loan is expected to be obtained solely from the proceeds of selling or operating the assets that are collateral for the loan, the loan is designated as being collateral dependent. For collateral-dependent loans where foreclosure is probable, the Bank uses the current fair value of the collateral, less estimated selling costs in the cash flow estimates. When foreclosure is not probable and repayment is expected to be received from the continued operation of the collateral, the Bank uses the expected cash flows from operating the collateral in the cash flow estimates.

Subsequent changes in measured impairment due to the impact of discounting are recognized as an adjustment of the credit loss and do not affect reported interest income.

The formula-based component of the allowance for credit losses is applied to performing loans that have been risk-rated and consumer loans excluding loans that were either impaired loans or

NOTE 3. LOANS AND ALLOWANCE FOR LOAN LOSSES (CONTINUED)

Credit Risk Policies (Continued)
subject to troubled debt restructuring. For risk-rated loans, the formula uses the product of the estimated default probability and the estimated percentage of loss should a default occur. Different factors are used in the formula depending on the risk rating of the loans.

Risk rating assessments consider factors that include the borrower's debt capacity and financial flexibility, the level of the borrower's earnings, the amounts and sources of cash flows available to the borrower for repayment, the nature, likelihood, and magnitude of contingencies, the strength of borrower management, and the industry and geography in which the borrower operates. The factors used in the formula are determined considering both current and historical data derived from actual credit losses. Using these factors involves an element of subjective assessment and interpretation. Emphasis of one factor over another or the consideration of additional factors substantially influences the risk rating assigned to a particular loan.

The cash flow impairment component of the allowance for credit losses is determined based on the Bank's quarterly portfolio review. That review process considers whether there have been changes in the cash flows expected to be received of loan principal and interest. Factors considered in this process include assumptions regarding default rates, loss severities, the amounts and timing of prepayments, and other factors that reflect market conditions at the time of the review.

Probable decreases in expected principal cash flows trigger the recognition of impairment. Impairment is measured at the present value of the expected principal loss plus any related foregone interest, discounted at the effective interest rate of the loans being reviewed.

Troubled debt restructurings generally result from the loss mitigation activities and occur when the Bank grants a concession to a borrower that is experiencing financial difficulty in order to minimize the financial loss and avoid foreclosure or repossession of collateral. Once modified in a troubled debt restructuring, a loan is generally considered impaired until its contractual maturity, regardless of borrower performance under the modified terms. While the modified loan may return to accrual status if it meets our criteria to do so, nevertheless, the loan will continue to be evaluated for an asset-specific allowance for credit losses and the loan will continue to be reported as being impaired in the accompanying consolidated financial statements.

Impaired loans are classified as nonperforming and, consequently, interest income is not recognized until the loan can be put back on accrual status. Partial payments of contractual amounts due on impaired loans are treated as reduction of the loan book balance until such time as the loan is restored to performing status.

For the year ended September 30, 2022, the Bank transferred $55 out of the Allowance for Loan losses to separate out their allowance for their off-balance sheet reserve. This allowance is included in the other liabilities on the consolidated balance sheet.

(Dollars in Thousands Except Share and Per Share Data)

NOTE 3. LOANS AND ALLOWANCE FOR LOAN LOSSES (CONTINUED)

The following tables present informative data regarding credit losses, and changes in those allowances as of September 30, 2022 and 2021 and for the years then ended:

	Commercial and		Real Estate				
2022	Agricultural	Consumer	Commercial	Consumer	Agricultural	Unidentified	Total
Allowance for Credit Losses							
Beginning Balance	**$ 269**	**$ 51**	**$ 1,357**	**$ 292**	**$ 155**	**$ 66**	**$ 2,190**
Transfer to off balance sheet reserve						**(55)**	**(55)**
Written off	**-**	**(2)**	**-**	**-**	**-**	**-**	**(2)**
Recovered	**1**	**1**	**-**	**16**	**-**	**-**	**18**
Provision	**(55)**	**3**	**244**	**58**	**77**	**(28)**	**299**
Ending Balance	**$ 215**	**$ 53**	**$ 1,601**	**$ 366**	**$ 232**	**$ (17)**	**$ 2,450**
Ending balance evaluated for impairment							
Beginng Balance							
Individually	**$ 5**	**$ 17**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 22**
Collectively	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Provision	**(5)**	**(1)**	**29**	**-**	**-**	**-**	**23**
Ending Balance							
Individually	-	16	29	-	-	-	**45**
Collectively	-	-	-	-	-	-	-
Ending balance	**$ 215**	**$ 69**	**$ 1,630**	**$ 366**	**$ 232**	**$ (17)**	**$ 2,495**

	Commercial and		Real Estate				
2021	Agricultural	Consumer	Commercial	Consumer	Agricultural	Unidentified	Total
Allowance for Credit Losses							
Beginning Balance	$ 190	$ 47	$ 1,168	$ 285	$ 150	$ (13)	$ 1,827
Written off	(7)	-	-	-	-	-	(7)
Recovered	6	-	-	-	-	-	6
Provision	80	4	189	7	5	79	364
Ending Balance	$ 269	$ 51	$ 1,357	$ 292	$ 155	$ 66	$ 2,190
Ending balance evaluated for impairment							
Beginng Balance							
Individually	$ 3	$ -	$ -	$ -	$ -	$ -	$ 3
Collectively	-	-	-	-	-	-	-
Provision	2	17	-	-	-	-	19
Ending Balance							
Individually	5	-	-	-	-	-	5
Collectively	-	17	-	-	-	-	17
Ending balance	$ 274	$ 68	$ 1,357	$ 292	$ 155	$ 66	$ 2,212

(Dollars in Thousands Except Share and Per Share Data)

NOTE 3. LOANS AND ALLOWANCE FOR LOAN LOSSES (CONTINUED)

Impaired Loans

Impaired loans are classified as nonperforming and, consequently, interest income is only recognized on these loans when the principal balance is paid in full or such time as the loan is restored to a performing status.

The following tables present informative data regarding financing receivables, credit losses, and changes in those allowances as of September 30, 2022 and 2021 and for the years then ended:

2022	Recorded Investment	Unpaid Principal	Allowance for Credit Losses	Average Recorded Investment	Interest Income Recognized
Impaired loans for which an allowance for credit losses is recognized					
Commercial	$ 25	$ 31	$ -	$ 29	$ 3
Consumer	8	8	1	9	-
	33	39	1	38	3
Impaired loans for which no allowance for credit losses is recognized					
Commercial real estate					
Other	301	303	28	303	-
Residential mortgage loans	155	171	16	159	-
	456	474	44	462	-
Total impaired loans					
Commercial	25	31	-	29	3
Consumer	8	8	1	9	-
Real estate and construction					
Commercial	301	303	28	303	-
Residential	155	171	16	159	-
	$ 489	$ 513	$ 45	$ 500	$ 3

2021	Recorded Investment	Unpaid Principal	Allowance for Credit Losses	Average Recorded Investment	Interest Income Recognized
Impaired loans for which an allowance for credit losses is recognized					
Commercial	$ -	$ -	$ -	$ 64	$ 1
Consumer	6	6	1	7	-
	6	6	1	71	1
Impaired loans for which no allowance for credit losses is recognized					
Commercial real estate					
Other	252	252	5	252	7
Residential mortgage loans	165	165	16	165	-
	417	417	21	417	7
Total impaired loans					
Commercial	-	-	-	64	1
Consumer	6	6	1	7	-
Real estate and construction					
Commercial	252	252	5	252	7
Residential	165	165	16	165	-
	$ 423	$ 423	$ 22	$ 488	$ 8

NOTE 4. CREDIT QUALITY OF LOANS RECEIVABLE

The following explanations present informative data regarding the credit quality of financing receivables at September 30, 2022 and September 30, 2021:

Credit Risk Profile for Loans
The following classifications used are based on available information regarding the repayment performance of individual borrowers in servicing their debt, such as current financial information, historical payment experience, credit documentation, publicly available information, and current trends:

EXCELLENT. A credit assigned in this category presents the highest degree of confidence in the borrower's financial condition and management capability based upon verified historical data. Balance sheets are conservative, displaying a high level of liquidity with historic proven cashflows providing ample protection to all business activities. Business is likely a large regional firm and a minimum 10 years of demonstrated success. Also included in this area are Paycheck Protection Program (PPP) loans that are 100% backed by the SBA.

GOOD. A credit in this category presents a sound primary and secondary source of repayment and credits in this category pose nominal risk of loss. Borrower has demonstrated the ability to perform under the terms of the credit with any deviation limited and temporary. Well established borrower with minimum 5 successful years in business as a regional or major local firm with sound operations in a specific line of business. Well known professionals may be included in this category.

PASS. Assets classified, as Pass are those loans delineated as acceptable risk per the loan policy of this Bank. Credits in this category are standard to the portfolio. Risk factors may include stability of margins and cashflows, liquidity, limited product or industry, competitive market, cyclical trends, dept. of management. Adverse events could be significant and present extended recovery time. Management is satisfactory and recognized as a well-established local or regional firm with minimum three-year operational period supported by sound business and track record, debt service at or above policy minimums, satisfactory present and historical sales, and profitability trends.

WATCH. Assets classified Watch are those credits identified by management as warranting special attention for a variety of reasons bearing on ultimate collectability. A watch loan is an informal "early detection" process identifying loans prior to self-criticism. A "watch" designation is intended to be temporary in nature pending receipt of additional information to determine the true classification of the relationships.

(Dollars in Thousands Except Share and Per Share Data)

NOTE 4. CREDIT QUALITY OF LOANS RECEIVABLE (CONTINUED)

SPECIAL MENTION. A special mention asset has potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the institution's credit position at some future date. Special mention assets are not adversely classified and do not expose an institution to sufficient risk to warrant adverse classification. All consumer and consumer real estate loans over 60 days delinquent shall be considered in their aggregate as risk rated special mention.

SUBSTANDARD. A substandard asset is inadequately protected by the current sound worth and paying capacity of the obligor or by the collateral pledged, if any. Assets so classified must have a well-defined weakness, or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected. All consumer and consumer real estate loans over 90 days delinquent shall be considered in their aggregate as risk rated substandard. Loans reported as trouble debt restructures will initially be classified as substandard for a minimum of 6 months until they may be considered for an upgrade.

A table of the risk-ratings of the loan portfolio as of September 30, 2022 and 2021 is as follows:

2022	Residential Mortgage Loans	Consumer	Commercial and Agricultural loans	Commecial Real Esate and Construction Loans	Residential Mortgage Construction	Agriculture Mortgage
Excellent	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Good	**-**	**-**	**-**	**-**	**-**	**-**
Pass	**26,336**	**5,539**	**17,254**	**61,139**	**7,807**	**14,553**
Watch	**282**	**-**	**150**	**499**	**-**	**-**
Special Mention	**-**	**11**	**-**	**-**	**-**	**-**
Substandard	**502**	**29**	**307**	**1,360**	**-**	**-**
Total	**$ 27,120**	**$ 5,579**	**$ 17,711**	**$ 62,998**	**$ 7,807**	**$ 14,553**
2021						
Excellent	$ -	$ -	$ 2,766	$ -	$ -	$ -
Good	-	-	-	-	-	-
Pass	22,821	5,417	11,597	44,199	3,792	9,582
Watch	938	16	2,236	784	-	250
Special Mention	-	1	-	-	-	-
Substandard	728	137	1,880	3,898	-	98
Total	$ 24,487	$ 5,571	$ 18,479	$ 48,881	$ 3,792	$ 9,930

NOTE 5. FORECLOSED/REPOSSESSED ASSETS

Foreclosed/repossessed assets represent properties acquired through customer loan default. The real estate and other tangible assets acquired through foreclosure/repossession are carried as foreclosed/repossessed assets on the accompanying consolidated balance sheet at fair value, net of estimated costs to sell, not to exceed the cost of property acquired through foreclosure. A summary of activity in foreclosed/repossessed assets is as follows:

	2022	2021
Balance at beginning of year	**$ -**	$ -
Transfers from loans and cash payments to redeem senior lien holders	**-**	-
Dispositions	**-**	-
Gain (Loss) on dispositions	**-**	-
Balance at end of year	**$ -**	$ -

Net losses from foreclosed/repossessed assets included in other non-interest expenses are as follows:

	2022	2021
Income from foreclosed/repossessed assets	**$ -**	$ -
Operating expenses	**-**	1
Net losses from foreclosed/repossessed assets	**$ -**	$ (1)

(Dollars in Thousands Except Share and Per Share Data)

NOTE 6. ACCRUED INTEREST RECEIVABLE

Accrued interest receivable at September 30 is summarized as follows:

	2022	2021
Investment securities	$ 151	$ 87
Investment in CD's	3	2
Loans receivable	751	625
	$ 905	$ 714

NOTE 7. PREMISES AND EQUIPMENT

Premises and equipment at September 30 is summarized as follows:

	2022	2021
Land and buildings	$ 5,251	$ 5,237
Furniture, fixtures and equipment	1,290	1,344
	6,541	6,581
Less accumulated depreciation	3,242	3,174
	$ 3,299	$ 3,407

NOTE 8. LEASED PROPERTY

Net rental expense approximated $11 and $11 for the years ended September 30, 2022 and 2021, respectively. BFB leases office buildings for the mortgage department.

The Company has no obligations for minimum rentals under non-cancelable leases.

(Dollars in Thousands Except Share and Per Share Data)

NOTE 9. DEPOSITS

Deposits at September 30 are summarized as follows:

		2022		2021	
	Weighted Average Rate	**Amount**	**Percent**	Amount	Percent
Demand, NOW and MMDA accounts	**0.19, 0.14**	**$ 98,576**	**63.69**	$ 84,692	63.15
Passbook savings	**0.20, 0.10**	**30,924**	**19.98**	24,327	18.14
Certificates of deposit by interest rate	**0.01 to 1.00**	**20,836**	**13.47**	20,095	14.99
	1.01 to 2.00	**2,666**	**1.72**	1,313	0.98
	2.01 to 3.00	**1,767**	**1.14**	3,353	2.50
	3.01 to 4.00	**-**	**-**	334	0.24
Total certificates of deposit		**25,269**	**16.33**	25,095	18.71
Total		**$ 154,769**	**100.00**	$ 134,114	100.00

Certificates of deposit of $250 or greater were approximately $6,234 and $5,106 at September 30, 2022 and 2021, respectively.

Certificates of deposit at September 30, 2022, are scheduled to mature as follows:

September 30	**Amount**
2023	**$ 17,821**
2024	**5,102**
2025	**1,936**
2026	**410**
	$ 25,269

Interest expense on deposits for the years ended September 30 is summarized as follows:

	2022	2021
NOW accounts and MMDA	**$ 125**	$ 104
Certificates of deposit and savings	**215**	304
	$ 340	$ 408

Accrued interest payable on deposits (included in accrued expenses and other liabilities) was $3 and $6 at September 30, 2022 and 2021, respectively.

Related party deposits as of September 30, 2022 and 2021 were $1,609 and $1,305, respectively.

(Dollars in Thousands Except Share and Per Share Data)

NOTE 10. ADVANCES FROM FEDERAL HOME LOAN BANK

Federal Home Loan Bank (FHLB) borrowings at September 30 are summarized as follows:

	2022	2021
5.46% Fixed Advance, principal and interest payable monthly	**$ -**	$ 521
2.66% Fixed Advance, principal and interest payable monthly	**-**	232
0.91% Fixed Advance, interest payable monthly	**2,000**	2,000
3.06% Fixed Advance, interest payable monthly	**3,000**	3,000
	$ 5,000	$ 5,753

Contractual principal payments on advances from Federal Home Loan Bank subsequent to September 30, 2022, are as follows:

September 30	**Amount**
2023	**$ 3,000**
2024	**-**
2025	**-**
2026	**2,000**
2027	**-**
	$ 5,000

The weighted average interest rate on these advances was 2.20% and 2.51% at September 30, 2022 and 2021, respectively.

The advances are secured by pledges of FHLB demand accounts, FHLB stock, securities and a blanket assignment of unpledged, qualifying mortgage loans. At September 30, 2022 and 2021, the total additional amount available to BFB for advances, subject to collateral availability, was $69,448 and $64,830.

(Dollars in Thousands Except Share and Per Share Data)

NOTE 11. OTHER BORROWED MONEY

Included in other borrowed money is matched funding from the Federal Reserve Bank for the Paycheck Protection Program Liquidity Facility (PPPLF) and also subordinated debt. Other borrowed money at September 30 are summarized as follows:

	2022	2021
PPPLF, Federal Reserve Bank, payments due as principal reductions are made on PPP loans, 0.35% fixed, maturity dates match PPP loans in 2026 and 2022 respectively.	**$ -**	$ 2,766
Subordinated debt, Big Horn Federal Savings Bank, unsecured, quarterly payments of interest only, interest rate of 5% fixed until 2025, maturity August 14, 2030.	**2,000**	2,000
	$ 2,000	$ 4,766

The PPPLF is secured by pledges of the Paycheck Protection Program loans that the bank originated.

NOTE 12. COMPREHENSIVE INCOME

A summary of the reclassification amounts and related tax effects for comprehensive income follows:

	Year Ended September 30,	
Disclosure of reclassification amount:	**2022**	2021
Reclassification adjustment, net of income tax benefit (expense) of $0 and $0 in 2022 and 2021, respectively	**$ -**	$ 1
Change in unrealized gain on securities available-for-sale	**(4,566)**	(472)
Total change in other comprehensive income	**$ (4,566)**	$ (471)

(Dollars in Thousands Except Share and Per Share Data)

NOTE 13. FEDERAL INCOME TAXES

Federal income tax expense (benefit) for the years ended September 30 is summarized as follows:

	2022	2021
Current federal tax expense	**$ 484**	$ 545
Deferred federal tax expense (benefit)	**(87)**	(59)
	$ 397	$ 486

Income tax (benefit) expense for the years ended September 30 differs from "expected" income tax expense (computed by applying the federal corporate income tax rate of 21% to income before income taxes) as follows:

	2022	2021
Computed "expected" tax expense	**$ 411**	$ 499
Increase (decrease) resulting from:		
Tax-exempt interest	**(5)**	(5)
BOLI value adjustments	**(13)**	(9)
Other	**4**	1
	$ 397	$ 486

Temporary differences between the financial statement carrying amounts and the tax bases of assets and liabilities that give rise to significant portions of deferred tax assets and liabilities at September 30 are as follows:

	2022	2021
Deferred Tax Assets		
Allowance for loan losses	**$ 524**	$ 464
EDP/EPO reserve	**3**	3
Off balance sheet reserve	**12**	-
Executive deferred compensation	**13**	-
Unrealized loss on securities available-for-sale net	**1,345**	132
Gross deferred tax assets	**$ 1,897**	$ 599
Deferred Tax Liabilities		
Depreciation	**(90)**	(93)
Goodwill and other intangible assets	**(28)**	(28)
Gross deferred tax liabilities	**(118)**	(121)
Net deferred tax asset	**$ 1,779**	$ 478

NOTE 13. FEDERAL INCOME TAXES (CONTINUED)

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the existence of, or generation of, taxable income in the periods for which those temporary differences are deductible. Management considers the scheduled reversal of deferred tax liabilities, taxes paid in carry-back years, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and estimates of future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences.

Retained earnings includes approximately $398 which is essentially income offset by percentage of income bad debt deductions for income tax purposes prior to 1988 (the "Base Year Reserve"). This amount is treated as a permanent difference and deferred taxes of approximately $83 are not recognized unless it appears that the amount will be reduced and thereby result in taxable income in the foreseeable future.

Under current tax regulations, management does not foresee any changes in its business or operations, which would result in a recapture of the Base Year Reserve into taxable income.

NOTE 14. EMPLOYEE BENEFIT PLANS

401k Retirement Plan
Effective January 1, 2009, the Company's Board of Directors approved the Buffalo Federal Bank 401k Plan. This is a contributory defined contribution retirement plan for all eligible employees. The retirement plan provides for a 100% employer matching contribution for the first 3% of salary deferrals and 50% employer matching contribution for the next 2% of salary deferrals. Contributions to the retirement plan made by BFB during the years ended September 30, 2022 and 2021 were $93 and $84, respectively.

At the discretion of the Board of Directors, an annual profit-sharing contribution may be made to eligible employees. Profit sharing contributions vest over a five-year period. There were no contributions under the profit-sharing portion of the plan for the years presented.

Management Stock Bonus Plan (MSBP)
On October 2, 1996, the Company's Board of Directors approved the MSBP. The terms of the MSBP provide for the award of up to 42,320 shares of common stock to certain officers and directors. Unearned deferred compensation is recorded at the date of the stock award based on the fair value of the shares granted. Vesting in the grant occurs in five equal, annual installments and the related deferred compensation is expensed over the same period. For financial reporting purposes the unearned deferred compensation balance is classified as a reduction of consolidated

NOTE 14. EMPLOYEE BENEFIT PLANS (CONTINUED)

stockholders' equity. Officers, directors and employees awarded shares retain voting rights and, if dividends are paid, dividend privileges during the vesting period. At September 30, 2022 and 2021, there were -0- of awarded but unvested shares. At September 30, 2022, there were -0- shares available for future awards.

Stock Option Plan
On October 2, 1996, the Company's Board of Directors approved the Stock Option Plan ("Stock Option Plan"). The terms of the Stock Option Plan provide for the granting of up to 105,800 shares of common stock to certain officers and directors. The Stock Option Plan provides for the granting of both incentive and non-incentive stock options. The terms of the options may not exceed 10 years from the date the options are granted. Incentive stock options granted to stockholders with 10% or less of the total combined voting power of all classes of stock of the Company shall be granted at an option price of not less than 100% of the fair market value at the grant date, and the term of the option may not exceed 10 years from the date of grant. Incentive stock options granted to stockholders with more than 10% of the total combined voting power of all classes of stock of the Company shall be granted at an option price of not less than 110% of the fair market value at the grant date, and the term of the option may not exceed 5 years from the date of the grant. Non-incentive stock options shall be granted at an option price of not less than the fair market value at the grant date. At September 30, 2007, the plan expired for future option grants under the Stock Option Plan.

There are -0- stock options outstanding at September 30, 2022 and 2021.

Executive Deferred Compensation
The Bank established a non-qualified deferred compensation plan starting in fiscal 2022 that covers three executive officers. Investments held for this Plan had a fair value of $60 at September 30, 2022. The liability under the Plan was $60 at September 30, 2022. The contributions made in fiscal year 2022 was $60. Funds may be withdrawn ninety days after death, upon termination of service or disability, or attainment of age 62. The Bank plans to pay out the assets of this plan over five or ten years depending on the individual plan upon retirement of the individuals.

There were no payments made from this plan in fiscal year 2022.
#
Severance Agreements
BFB has three severance agreements with its executive officers. The agreements provide for payments equal to 2.99 times average annual salary for the previous five years in the event BFB experiences a change in control. A change in control is defined as (1) a sale of more than 25% of the assets of BFB or the Holding Company; (2) any merger or recapitalization whereby BFB or the Holding Company is not the surviving entity; (3) a change in control as determined by the OCC; or (4) acquisition directly or indirectly of 25% or more of the voting stock of BFB or the Holding Company by an individual, entity or group.

(Dollars in Thousands Except Share and Per Share Data)

NOTE 15. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share for the years ended September 30:

	2022	2021
Number of shares on which basic earnings per share is calculated		
Average outstanding common shares during the fiscal year	**530,014**	530,014
Add: Incremental shares under employment plans	**-**	-
Number of shares on which diluted earnings per share is calculated	**530,014**	530,014
Net income applicable to common stockholders	**$ 1,558**	$ 1,888
Basic earnings per share	**$ 2.94**	$ 3.56
Diluted earnings per share	**$ 2.94**	$ 3.56

NOTE 16. REGULATORY CAPITAL

The Company is subject to various regulatory capital requirements administered by its primary federal regulator, the Federal Reserve Bank of Kansas City. Failure to meet the minimum regulatory capital requirements can initiate certain mandatory and possible additional discretionary actions by regulators that if undertaken, could have a material effect of the consolidated financial statements. Under the regulatory capital adequacy guidelines and the regulatory framework for prompt corrective action, BFB must meet specific capital guidelines involving quantitative measures of BFB's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. BFB's capital amounts and classification under the prompt corrective action guidelines are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

On January 1, 2020 the Company elected into the Community Bank Leverage Ratio Framework. This election changes the requirements the Bank is required to calculate and monitor. The Bank is now required to calculate and disclose their Tier 1 leverage ratio and no longer required to calculate their Total capital ratio, Tier 1 capital ratio, or Common equity tier 1 capital ratio.

Quantitative measures established by regulation to ensure capital adequacy require BFB to maintain minimum amounts of Tier 1 Leverage Ratio (as defined in the regulations). Management believes, as of September 30, 2022, that BFB meets all the capital adequacy requirements to which it is subject.

(Dollars in Thousands Except Share and Per Share Data)

NOTE 16. REGULATORY CAPITAL (CONTINUED)

As of September 30, 2022, the most recent filing with the Federal Reserve Bank of Kansas City, BFB was categorized as well capitalized under the community bank leverage ratio framework for prompt corrective action. To remain categorized as adequately capitalized, BFB will have to maintain minimum Tier 1 Leverage Ratio as disclosed in the table below. There are no conditions or events since the most recent filing that management believes have adversely changed BFB's prompt corrective action category.

BFB's actual and required capital amounts and ratios at September 30, 2022 and 2021, are as follows:

	Actual		Minimum CBLR framework	
	Amount	**Ratio**	**Amount**	**Ratio**
As of September 30, 2022				
Tier 1 leverage ratio	**$ 16,918**	**9.69%**	**$ 15,707**	**9.00%**
As of September 30, 2021				
Tier 1 leverage ratio	$ 15,924	10.24%	$ 14,002	9.00%

In accordance with regulations, at the time of conversion from a mutual savings and loan, BFB restricted a portion of retained earnings by establishing a liquidation account. The liquidation account will be maintained for the benefit of eligible holders who continue to maintain their accounts in BFB after the conversion. The liquidation account will be reduced annually to the extent that eligible account holders have reduced their qualifying deposits. Subsequent increases will not restore an eligible account holder's interest in the liquidation account. In the event of a complete liquidation of BFB, and only in such an event, each account holder will be entitled to receive a distribution from the liquidation account in an amount proportionate to the adjusted qualifying account balances then held.

In addition, banks that before and after proposed dividend distributions meet or exceed their fully phased-in capital requirements, may make capital distributions without prior notice to the Federal Reserve during any calendar year up to 100% of year-to-date net income plus the preceding two years accumulated profits. However, the Federal Reserve Bank may impose greater restrictions if an institution is deemed to be in need of more than normal supervision. BFB exceeds its fully phased-in capital requirements and has been assessed as "well-capitalized" under the regulatory guidelines as of September 30, 2022.

(Dollars in Thousands Except Share and Per Share Data)

NOTE 17. COMMITMENTS AND CONTINGENCIES

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and involve, to varying degrees, elements of credit risk in excess of amounts recognized in the consolidated balance sheets.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

Financial instruments outstanding at September 30, 2022, whose contract amounts represent credit risk include:

Unfunded loans in process	**$**	**2,646**
Commitments to extend credit at fixed rates		**2,460**
Commitments to extend credit at adjustable rates		**2,076**
Unfunded lines and letters of credit		**13,395**

From time to time, the Bank is subject to litigation in the normal course of business. Management believes any outcome would not have a significant impact on the financial condition of the Bank.

NOTE 18. RELATED PARTY TRANSACTIONS

Certain officers and directors of the Holding Company and BFB and certain corporations and individuals related to such persons, as well as certain stockholders of the Holding Company, have loans from the BFB. These loans were made on substantially the same terms, including interest rates and collateral requirements, as those prevailing at the time for comparable transactions with other customers and did not involve more than normal risk of collectability. The following table details the loan activity of related party transactions.

	2022		2021	
Beginning balance	**$**	**150**	$	1,583
Additions		**276**		124
Payments		**(133)**		(191)
Loans to retired/terminated officers/directors		**-**		(1,366)
Ending balance	**$**	**293**	$	150

NOTE 19. FAIR VALUE OF FINANCIAL INSTRUMENTS

Disclosures about Fair Value of Financial Instruments requires disclosure of fair value of information about financial instruments, whether or not recognized in the statement of financial condition. Quoted market prices are used for fair value when available, but do not exist for some of the Company's financial instruments, primarily loans, time deposits and FHLB advances.

The fair value of these instruments has been derived from the FTN Model. The FTN Model primarily employs the static discounted cash flow method which estimates the fair value of loans, time deposits and FHLB advances by discounting the cash flows the instruments are expected to generate by the yields currently available to investors on instruments of comparable risk and duration. Therefore, to calculate present value, the Bank makes assumptions about the size and timing of expected cash flows and appropriate discount rates. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instruments. Disclosures about Fair Value of Financial Instruments excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Company.

The following methods and assumptions were used by the Company in estimating the fair value of its financial instruments:

Financial Assets - Due to the liquid nature of the instruments, the carrying value of cash and cash equivalents and interest-bearing deposits approximates fair value. For all investment and mortgage-backed securities, the fair value is based upon quoted market prices. The fair value of loans receivable was derived from the FTN Model. The fair value of accrued interest receivable approximates book value as the Company expects contractual receipt in the short-term. The fair value of FHLB stock and Federal Reserve Bank stock approximate their carrying value.

Financial Liabilities - The fair value of NOW and demand accounts and non-term savings deposits approximates book values as these deposits are payable on demand. The fair value of time deposits and FHLB advances was derived from the FTN Model. The fair value of other borrowings approximates book value. The fair value of other liabilities approximates book value as the Company expects to settle these liabilities in the short-term.

Off-Balance Sheet - No fair value adjustment is necessary for commitments made to extend credit which represents commitments for loan originations. These commitments are at variable rates or are for loans with terms of less than one year and have interest rates which approximate prevailing market rates.

(Dollars in Thousands Except Share and Per Share Data)

NOTE 19. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Limitations - Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Company's entire holdings of a particular instrument. Because no market exists for a portion of the Company's financial instruments, fair value estimates are based on judgments regarding comparable market interest rates, future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Fair value estimates are based on existing on- and off-balance-sheet financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. Significant assets and liabilities that are not considered financial instruments include deferred tax assets and liabilities, premises and equipment, goodwill and other intangible assets. In addition, the tax effect of the difference between the fair value and carrying value of financial instruments can have a significant effect on fair value estimates and have not been considered in the estimates presented herein.

The approximate book value and fair value of the Company's financial instruments as of September 30 are as follows:

	2022		2021	
	Book Value	**Fair Value**	Book Value	Fair Value
Assets:				
Cash and cash equivalents	**$ 10,048**	**$ 10,048**	$ 20,858	$ 20,858
Investment and mortgage-backed securities, available for sale	**22,193**	**22,193**	23,743	23,743
Stock in Federal Reserve	**196**	**196**	196	196
Stock in FHLB	**415**	**415**	405	405
Loans held for sale	**413**	**413**	1,076	1,076
Loans receivable, net	**130,536**	**130,754**	107,033	108,178
Banked-owned life insurance	**3,859**	**3,859**	1,800	1,800
Accrued interest receivable	**905**	**905**	714	714
Liabilities:				
Deposits	**$154,769**	**$127,946**	$ 134,114	$ 125,919
Advances from FHLB	**5,000**	**4,701**	5,753	5,977
Other borrowed money	**2,000**	**2,000**	4,766	4,766
Accrued expenses and other liabilities	**569**	**569**	467	467

NOTE 19. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

For financial instruments carried at fair value on the balance sheet, GAAP provides a framework for measuring their fair value. GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. GAAP requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. GAAP also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

The standard describes 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 that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Financial instruments are considered Level 3 when their values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable. Level 3 financial instruments also include those for which the determination of fair value requires significant management judgment or estimation.

As required by GAAP, investments are classified within the level of the lowest significant input considered in determining fair value. Investments classified within Level 3 whose fair value measurements consider several inputs may include Level 1 or Level 2 inputs as components of the overall fair value measurement.

There are three general valuation techniques that may be used to measure fair value. The following is a description of the valuation methodologies used for financial assets measured at fair value on a recurring basis.

A. Market approach – Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other sources;

B. Cost approach – Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and

C. Income approach – Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

(Dollars in Thousands Except Share and Per Share Data)

NOTE 19. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

There have been no significant changes in the valuation techniques during the period. The fair value of available-for-sale securities is estimated by obtaining quoted market prices for identical assets, where available. If such prices are not available, fair value is based on independent asset pricing services.

Fair values of assets and liabilities measured on a recurring basis at September 30, 2022 and 2021 are as follows:

	Fair Value Measurments at Reporting Date Using			
	Total Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2022:				
US Agency/Treasury	**$ 21,187**	**$ 21,187**	**$ -**	**$ -**
Municipal Securities	**659**	**659**	**-**	**-**
Mortgage Backed Securities	**295**	**295**	**-**	**-**
Mutual Funds:				
Conservative Funds	**52**	**52**	**-**	**-**
Total	**$ 22,193**	**$ 22,193**	**$ -**	**$ -**
September 30, 2021:				
US Agency/Treasury	$ 22,822	$ 22,822	$ -	$ -
Municipal Securities	487	487	-	-
Mortgage Backed Securities	352	352	-	-
Mutual Funds:				
Conservative Funds	82	82	-	-
Total	$ 23,743	$ 23,743	$ -	$ -

Certain financial assets or liabilities are not measured at fair value on a recurring basis but are subject to fair value measurement in certain circumstances, for example upon acquisition or when there is evidence of impairment.

(Dollars in Thousands Except Share and Per Share Data)

NOTE 19. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following are the assets measured at fair value on a nonrecurring basis at September 30, 2022 and 2021:

	Carrying Value of Assets/Liabilities	Assets/Liabilities Measured at Fair Value	Quoted Prices in Active Markets for Identical Inputs Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2022:					
Financial assets:					
Impaired loans, net of allowance for loan and lease losses	**$ 489**	**$ 489**	**$ -**	**$ -**	**$ 489**
Goodwill	**132**	**132**	**-**	**-**	**132**
Total	**$ 621**	**$ 621**	**$ -**	**$ -**	**$ 621**
September 30, 2021:					
Financial assets:					
Impaired loans, net of allowance for loan and lease losses	$ 423	$ 423	$ -	$ -	$ 423
Goodwill	132	132	-	-	132
Total	$ 555	$ 555	$ -	$ -	$ 555

The following is a description of the valuation methodologies used for financial assets measured at fair value on a nonrecurring basis. There have been no significant changes in the valuation techniques during the period.

Impaired Loans, net of ALLL

Loans included in the Company's financials for which it is probable that the Company will not collect all principal and interest due according to contractual terms are considered impaired in accordance with GAAP. Allowable methods for estimating fair value include using the fair value of the collateral for collateral dependent loans or, where a loan is determined not to be collateral dependent, using the discounted cash flow method. Impaired loans are primarily collateral-dependent, and the estimated fair value is based on the fair value of the collateral. Impaired loans are classified within Level 3 of the fair value hierarchy.

Goodwill

Goodwill represents the excess of cost over fair value of net assets acquired and is tested for impairment annually or more often if an event occurs or circumstances change that would indicate impairment may exist. Goodwill is classified within Level 3 of the fair value hierarchy.

(Dollars in Thousands Except Share and Per Share Data)

NOTE 20. HOLDING COMPANY INFORMATION (CONDENSED)

The summarized financial information for Crazy Woman Creek Bancorp Incorporated is presented below. Intercompany balances and transactions are noted parenthetically.

Condensed Balance Sheet

	September 30,	
	2022	2021
ASSETS		
Cash (demand account with BFB $74 and $476 respectively)	**$ 824**	$ 476
Investment in subsidiary	**12,028**	15,527
Investment securities available-for-sale – mutual funds	**295**	352
Income taxes receivable	**421**	394
Deferred tax asset	**10**	-
Other liabilities	**15**	15
Total assets	**$ 13,593**	$ 16,764
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deferred tax liability	**$ -**	$ 9
Other borrowed money	**2,000**	2,000
Other liabilities	**17**	7
Total liabilities	**2,017**	2,016
Stockholders' equity		
Common stock	**106**	106
Additional paid-in capital	**10,303**	10,303
Retained earnings	**14,696**	13,302
Accumulated other comprehensive income, net	**(5,061)**	(495)
Treasury stock	**(8,468)**	(8,468)
Total stockholders' equity	**11,576**	14,748
Total liabilities and stockholders' equity	**$ 13,593**	$ 16,764

(Dollars in Thousands Except Share and Per Share Data)

NOTE 20. HOLDING COMPANY INFORMATION (CONDENSED) (CONTINUED)

Condensed Statements of Income

	Years Ended September 30, 2022	2021
Dividends from BFB	**$ 664**	$ 159
Dividends and capital gain distributions on mutual funds	**40**	6
Interest expense	**(101)**	(100)
Management fee to BFB	**(24)**	(24)
Other operating expenses	**(42)**	(33)
Income before equity in undistributed earnings of subsidiary and income taxes	**537**	8
Equity in undistributed earnings of subsidiary	**994**	1,848
Income before income taxes	**1,531**	1,856
Income tax benefit	**27**	32
Net Income	**$ 1,558**	$ 1,888

Condensed Statements of Cash Flows

	Years Ended September 30, 2022	2021
Net income	**$ 1,558**	$ 1,888
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in undistributed earnings of subsidiary	**(994)**	(1,848)
Mutual fund earnings reinvested	**(35)**	(6)
Increase in income taxes receivable	**(27)**	(32)
Decrease (increase) in other assets	**10**	(8)
Increase (decrease) in other liabilities	**-**	2
Net cash from operating activities	**512**	(4)
Cash flows from financing activities:		
Cash dividends paid	**(164)**	(159)
Net cash from financing activities	**(164)**	(159)

(Dollars in Thousands Except Share and Per Share Data)

NOTE 20. HOLDING COMPANY INFORMATION (CONDENSED) (CONTINUED)

Condensed Statements of Cash Flows (Continued)

	Years Ended September 30,	
	2022	2021
Net change in cash	**348**	(163)
Cash at beginning of year	**476**	639
Cash at end of year	**$ 824**	$ 476

NOTE 21. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

	YEAR ENDED SEPTEMBER 30, 2022			
	First Quarter	**Second Quarter**	**Third Quarter**	**Fourth Quarter**
Interest income	**$ 1,582**	**$ 1,529**	**$ 1,622**	**$ 1,760**
Interest expense	**146**	**146**	**134**	**158**
Net interest income	**1,436**	**1,383**	**1,488**	**1,602**
Provision for loan losses	**159**	**-**	**116**	**47**
Net interest income after provision for loan losses	**1,277**	**1,383**	**1,372**	**1,555**
Non interest income	**390**	**358**	**318**	**287**
Non interest expense	**1,226**	**1,219**	**1,190**	**1,350**
Income before provision for income taxes	**441**	**522**	**500**	**492**
Provision for income taxes	**89**	**107**	**101**	**100**
Net income before preferred dividends	**352**	**415**	**399**	**392**
Preferred dividends	**-**	**-**	**-**	**-**
Net income available to common shareholders	**$ 352**	**$ 415**	**$ 399**	**$ 392**
Basic earnings per share	**$ 0.66**	**$ 0.78**	**$ 0.75**	**$ 0.75**
Diluted earnings per share	**$ 0.66**	**$ 0.78**	**$ 0.75**	**$ 0.75**
Dividends declared per common share	**$ 0.31**	**$ -**	**$ -**	**$ -**

(Dollars in Thousands Except Share and Per Share Data)

NOTE 21. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED) (CONTINUED)

	YEAR ENDED SEPTEMBER 30, 2021			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Interest income	$ 1,463	$ 1,440	$ 1,519	$ 1,527
Interest expense	195	170	162	156
Net interest income	1,268	1,270	1,357	1,371
Provision for loan losses	89	230	49	15
Net interest income after provision for loan losses	1,179	1,040	1,308	1,356
Non interest income	622	539	401	441
Non interest expense	1,132	1,036	1,144	1,200
Income before provision for income taxes	669	543	565	597
Provision for income taxes	137	112	115	122
Net income before preferred dividends	532	431	450	475
Preferred dividends	-	-	-	-
Net income available to common shareholders	$ 532	$ 431	$ 450	$ 475
Basic earnings per share	$ 1.00	$ 0.81	$ 0.85	$ 0.90
Diluted earnings per share	$ 1.00	$ 0.81	$ 0.85	$ 0.90
Dividends declared per common share	$ 0.30	$ -	$ -	$ -

This page intentionally left blank

This page intentionally left blank

Corporate Office
Crazy Woman Creek Bancorp, Incorporated and Buffalo Federal Bank

106 Fort Street, P.O. Box 1020
Buffalo, Wyoming 82834-1020
www.buffalofed.com
(307) 684-5591

Board of Directors of Crazy Woman Creek Bancorp, Incorporated

Deane D. Bjerke
Chairman of the Board

Sandra K. Todd
Treasurer

Thomas J. Berry

Joseph F. Helmer

Chanda Rule
Secretary

Richard Reimann

Trevor Moon

Paul M. Brunkhorst

Executive Officers

Paul M. Brunkhorst
President and
Chief Executive Officer

Carolyn S. Kaiser
Senior Vice President and
Chief Financial Officer

Richard B. Griffith
Senior Vice President and
Senior Loan Officer

Professional Advisors

Corporate Counsel
Kirven and Kirven
104 Fort Street
Buffalo, WY 82834

Independent Auditors
Anderson ZurMuehlen & Co., P.C.
PO Box 1040
Helena, MT 59624-1040

Transfer Agent and Registrar
Computershare Trust Company, N.A.
250 Royall St.
Canton, MA 02021

Special Counsel
Jones Walker LLP
1227 25th Street, N.W.
Suite 200 West
Washington, D.C. 20037

Annual Meeting

The Annual Meeting of Stockholders will be held on January 25, 2023, at 3:00 p.m. at the Company's main office located at 106 Fort Street, Buffalo, Wyoming.