CRAZY WOMAN
Creek Bancorp

2023 ANNUAL REPORT

CONTENTS

CRAZY WOMAN
Creek Bancorp

December 27, 2023

To our Customers and Shareholders,

Given our commitment to shareholders along with balancing current and anticipated economic and/or regulatory requirements, we have elected to retain our cash dividend traditionally paid in January. The cash retention will be utilized to fund our strong balance sheet growth and provide for our continuing strong Tier 1 Leverage Ratio.

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 has remained a vital business and community partner since its 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 third-best performance in our 87-year history. September 30, 2023, the fiscal year net income of $1,277,138 corresponded to an annualized return on equity (ROE) of 10.41% and annualized return on assets (ROA) of 0.71%.

With the FOMC target range of 5.25-5.50% - the highest in 22 years, the entire financial sector is faced with an incredibly challenging environment and community banks are certainly being impacted with margin compression. Our foundation continues to be successfully managing the cost of funds and loan yields. Our net interest margin on September 30, 2023 of 3.51% places us eighth highest in Wyoming and above the state average of 3.31%. We maintain ample capital ratios and on September 30, 2023, our Tier 1 Leverage Ratio was 9.37%. This ratio substantially exceeds the current definition for "well-capitalized" institutions.

Our commitment to asset quality is clear. Nonperforming assets were 0.94% on September 30, 2023. During this fiscal year, we achieved an over 30-day past-due monthly loan delinquency average of 0.60%. September 30, 2023, the balance held in foreclosed and repossessed assets was zero. Our loan loss reserve on September 30, 2023 was 1.79% and substantially above the Wyoming average of 1.45%. We are confident our reserve position is solid and accurately reflects the identifiable risks in our loan portfolio forecast with deteriorating regional and national economic conditions. Our bank successfully implemented 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-

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

CRAZY WOMAN
Creek Bancorp

working and dedicated and we could not ask for a better team. I truly appreciate our customers for their continuing partnership and our shareholders for entrusting us with their capital.

Our annual meeting is scheduled at 3:00MDT on January 31st, 2024, 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 AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Crazy Woman Creek Bancorp and Subsidiary (collectively, the Company), which comprise the consolidated balance sheets as of September 30, 2023 and 2022; the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the years then ended; and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, 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 for one year after the date that the consolidated financial statements are available to be issued.

INDEPENDENT AUDITORS' REPORT
(Continued)

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

INDEPENDENT AUDITORS' REPORT
(Continued)

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KCoe Isom, LLP

December 13, 2023
Helena, Montana

F I N A N C I A L S T A T E M E N T S

CRAZY WOMAN CREEK BANCORP

CONSOLIDATED BALANCE SHEETS

(Dollars in Thousands Except Share and Per Share)

September 30, 2023 and 2022

ASSETS	2023	2022
Cash and due from banks	**$ 758**	$ 1,062
Federal funds	**7,960**	6,149
Interest-bearing due from banks	**3,319**	2,837
Cash and cash equivalents	**12,037**	10,048
Investment and mortgage-backed securities available-for-sale	**21,253**	22,193
Stock in Federal Reserve Bank of Kansas City, at cost	**196**	196
Stock in Federal Home Loan Bank of Seattle, at cost	**549**	415
Loans held-for-sale	**1,647**	413
Loans receivable, net	**138,582**	130,536
Bank-owned life insurance	**3,967**	3,859
Accrued interest receivable	**1,336**	905
Premises and equipment, net	**3,196**	3,299
Income tax receivable	**219**	67
Deferred income tax	**1,968**	1,779
Goodwill	**132**	132
SBA receivable	**203**	-
Other assets	**128**	157
Total assets	**$ 185,413**	$ 173,999

CRAZY WOMAN CREEK BANCORP
CONSOLIDATED BALANCE SHEETS (CONTINUED)
(Dollars in Thousands Except Share and Per Share)
September 30, 2023 and 2022

LIABILITIES AND STOCKHOLDERS' EQUITY	2023	2022
Liabilities:		
Deposits	**$ 160,157**	$ 154,769
Advances from Federal Home Loan Bank	**8,500**	5,000
Other borrowed money	**4,000**	2,000
Advance payments by borrowers for taxes and insurance	**86**	85
Accrued expenses and other liabilities	**628**	569
Total liabilities	**173,371**	162,423
Stockholders' equity:		
Common stock, par value $.10 per share, 5,000,000 shares authorized; 1,058,000 issued, 530,014 and 530,014 outstanding at September 30, 2023 and September 30, 2022, respectively.	**106**	106
Additional paid-in capital	**10,303**	10,303
Retained earnings	**15,809**	14,696
Accumulated other comprehensive income (loss), net	**(5,708)**	(5,061)
Treasury stock at cost, 527,986 shares at September 30, 2023 and September 30, 2022, respectively	**(8,468)**	(8,468)
Total stockholders' equity	**12,042**	11,576
Total liabilities and stockholders' equity	**$ 185,413**	$ 173,999

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, 2023 and 2022

	2023	2022
INTEREST INCOME:		
Loans receivable	**$ 7,555**	$ 5,825
Mortgage-backed securities	**2**	2
Investment securities	**601**	533
Other interest-earning assets	**299**	133
Total interest income	**8,457**	6,493
INTEREST EXPENSE:		
Deposits	**1,953**	340
Advances from Federal Home Loan Bank	**283**	141
Other interest expense	**129**	103
Total interest expense	**2,365**	584
Net interest income	**6,092**	5,909
Provision for credit losses	**119**	322
Net interest income after provision for credit losses	**5,973**	5,587
NON-INTEREST INCOME:		
Customer service charges	**167**	148
Gain on sale of loans	**189**	608
Other operating income	**594**	597
Total non-interest income	**950**	1,353
NON-INTEREST EXPENSE:		
Compensation and benefits	**3,084**	2,793
Occupancy and equipment	**442**	415
FDIC/SAIF deposit insurance premiums	**89**	57
Advertising	**199**	218
Data processing services	**709**	614
Professional fees	**267**	257
Other	**548**	626
Loss on disposal of obsolete equipment	**3**	5
Total non-interest expense	**5,341**	4,985
Income before income taxes	**1,582**	1,955
Income tax expense (benefit)	**305**	397
Net income	**$ 1,277**	$ 1,558

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, 2023 and 2022

	2023	2022
OTHER COMPREHENSIVE LOSS		
Unrealized gain/loss on securities available-for-sale, net of reclassification adjustment	**(647)**	(4,566)
Comprehensive income (loss)	**$ 630**	$ (3,008)
Net income	**1,277**	1,558
Net income available to common stockholders	**$ 1,277**	$ 1,558
Dividends declared per common share	**$ 0.31**	$ 0.31
Basic earnings per share	**$ 2.41**	$ 2.94
Diluted earnings per share	**$ 2.41**	$ 2.94

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, 2023 and 2022

	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total stockholders' equity
Balance at October 1, 2021	$ 106	$ 10,303	$ 13,302	$ (495)	$ (8,468)	$ 14,748
Net income	-	-	1,558	-	-	1,558
Unrealized loss 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**
Net income	**-**	**-**	**1,277**	**-**	**-**	**1,277**
Unrealized loss on securities available-for-sale, net of reclassification adjustment	**-**	**-**	**-**	**(647)**	**-**	**(647)**
Cash dividends declared- common stock	**-**	**-**	**(164)**	**-**	**-**	**(164)**
Balance at September 30, 2023	**$ 106**	**$ 10,303**	**$ 15,809**	**$ (5,708)**	**$ (8,468)**	**$ 12,042**

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, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Net income	**$ 1,277**	$ 1,558
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	**119**	322
Provision for EDP/EPO	**-**	17
Loans originated for sale	**(12,958)**	(24,319)
Proceeds from sales of loans held-for-sale	**11,724**	24,965
Amortization of premiums and discounts on investment securities	**9**	4
Deferred income tax (benefit) expense	**(17)**	(87)
Depreciation	**191**	189
Mutual fund dividends reinvested	**(8)**	(34)
Deferred loan origination fees, net	**27**	(71)
Gain on bank-owned life insurance	**(108)**	(59)
Loss on disposal of equipment	**3**	5
Change in:		
Accrued interest receivable	**(431)**	(191)
Other assets	**29**	53
SBA Receivable	**(203)**	-
Income taxes payable	**(152)**	(164)
Accrued expenses and other liabilities	**59**	47
Net cash from operating activities	**(439)**	2,235
Cash flows from investing activities:		
Purchases of securities available-for-sale	**-**	(4,606)
Proceeds from maturities, calls and prepayments of securities available-for-sale	**120**	406
Purchases of FHLB stock	**(260)**	(40)
Proceeds from FHLB stock	**126**	30
Proceeds from sale of repossessed/foreclosed assets	**39**	-
Change in loans receivable	**(8,231)**	(23,699)
Purchases of premises and equipment	**(91)**	(86)
Net cash from investing activities	**(8,297)**	(27,995)

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, 2023 and 2022

	2023	2022
Cash flows from financing activities:		
Net increase (decrease) in deposits	**5,388**	20,655
Advances from Federal Home Loan Bank	**6,500**	-
Repayment of advances from Federal Home Loan Bank	**(3,000)**	(753)
Advances on other borrowed money	**2,000**	-
Repayment on other borrowed money	**-**	(2,766)
Net increase (decrease) in advances from borrowers for taxes and insurance	**1**	(22)
Dividends paid to stockholders-common	**(164)**	(164)
Net cash from financing activities	**10,725**	16,950
Net increase (decrease) in cash and cash equivalents	**1,989**	(10,810)
Cash and cash equivalents at beginning of year	**10,048**	20,858
Cash and cash equivalents at end of year	**$ 12,037**	$ 10,048
Cash paid during the year for:		
Interest	**$ 2,295**	$ 588
Income taxes	**$ 475**	$ 649

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 credit losses (ACL). Management believes that the ACL is adequate however, future additions to the allowance may be necessary based on changes in the qualitative and quantitative factors analyzed.

The Company estimates expected credit losses over the contractual period in which the Company is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Company. The allowance for credit losses on off-balance sheet credit exposures is adjusted through credit loss expense. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Investment Securities Available-for-Sale (AFS)
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.

For AFS debt securities in an unrealized loss position, the Company assesses whether it intends to sell, or it is more likely than not that it will be required to sell the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income. For debt securities AFS that do not meet the aforementioned criteria, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, the Company considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collective from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income.

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

Accrued interest receivable on AFS debt securities totaled $150 at September 30, 2023, and is excluded from the estimate of credit losses.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2023 and 2022 was $12,110 and $12,110, 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, 2023 and 2022 the Bank's minimum required investment was approximately $549 and $415 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.

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, 2023 and 2022.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2023 and 2022, foreclosed real estate was $-0-. Other repossessed other assets at September 30, 2023 and 2022, 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.

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 for September 30, 2023 and 2022. 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 2023 or 2022.

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, 2023 or 2022.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2023 and 2022 were $198 and $218, 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 $49 and $45 as of September 30, 2023 and 2022, respectively.

Adoption of New Accounting Standards
On January 1, 2023, the Company adopted ASU 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities. It also applies to off-balance sheet credit exposures not accounted for as insurance (loan commitments, standby letters of credit, financial guarantees, and other similar instruments) and net investments in leases recognized by a lessor in accordance with Topic 842 on leases. In addition, ASC 326 made changes to the accounting for available-for-sale debt securities. One such change is to require credit losses to be presented as an allowance rather than as a write-down on available-for-sale debt securities management does not intend to sell or believes that it is more likely than not they will be required to sell.

The Company adopted ASC 326 using a modified retrospective method for all financial assets measured at amortized cost and off-balance-sheet (OBS) credit exposures. Results for reporting periods beginning after January 1, 2023, are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP. The Company recorded no change to retained earnings for the cumulative effect of adopting ASC 326.

As allowed by ASC 326, the Company elected to maintain pools of loans accounted for under ASC 310-30. The Company uses the Scaled CECL Allowance for Losses Estimate (SCALE) model for calculation CECL.

(Dollars in Thousands Except Share and Per Share Data)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

On October 1, 2022, the Company adopted FASB ASU 2016-02, Leases (Topic 842). This ASU required the Company to recognize on the balance sheet the asset and liability for the rights and obligations created by leases with a term of more than 12 months. The Company elected several available practical expedients, including to not reassess the classification of existing leases, and initial direct costs associated with the leases, or whether any existing contracts are or contain leases. The ASU had no effect on the balance sheet or income statement.

Subsequent Event Evaluation

Management has evaluated subsequent events through December 13, 2023, the date which the financial statements were available for issue.

Reclassifications

Certain reclassifications have been made to the prior-year financial statements to conform to the current-year financial statements.

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:

2023:	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
U.S. agency/treasury obligations	**$ 27,497**	**$ -**	**$ (7,145)**	**$ 20,352**
Municipal securities	**591**	**-**	**(45)**	**546**
Mutual funds	**353**	**-**	**(35)**	**318**
Mortgage-backed securities:				
FHLMC certificates	**6**	**-**	**-**	**6**
FNMA certificates	**32**	**-**	**(1)**	**31**
Total MBS	**38**	**-**	**(1)**	**37**
	$ 28,479	**$ -**	**$ (7,226)**	**$ 21,253**
2022:				
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

(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, 2023 and 2022, 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, 2023:						
U.S. agency/treasury obligations	**$ -**	**$ -**	**$ 20,352**	**$ (7,145)**	**$ 20,352**	**$ (7,145)**
Municipal securities	**546**	**(45)**	**-**	**-**	**546**	**(45)**
Mutual funds	**-**	**-**	**318**	**(35)**	**318**	**(35)**
Mortgage-backed securities	**-**	**-**	**23**	**(1)**	**23**	**(1)**
Total	**$ 546**	**$ (45)**	**$ 20,693**	**$ (7,181)**	**$ 21,239**	**$ (7,226)**
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)

As of September 30, 2023, and 2022, twenty-four and twenty-four securities were in an unrealized loss position, respectively.

(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, 2023, are shown below. Mortgage-backed securities are included in this maturity schedule based on contractual maturity.

	Amortized Cost	Fair Value
Due within one year	$ 15	$ 15
Due after one year through five years	2,022	1,912
Due after five years through ten years	9,591	7,612
Due after ten years	16,497	11,396
	$ 28,125	$ 20,935

At September 30, 2023 and 2022, the Company had investment securities with amortized costs of approximately $16,698 and $11,997 pledged as security for public funds or other funds on deposit and an additional $2,000 and -0- pledged as collateral at the Federal Reserve Bank. For the years ended September 30, 2023 and 2022, there were $-0- and $-0- sales of investment securities available for sale, respectively.

NOTE 3. LOANS AND ALLOWANCE FOR CREDIT 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:

	2023	2022
Real estate mortgage loans, including commercial real estate	**$ 101,554**	$ 99,663
Real estate construction loans, including commercial real estate	**6,807**	7,807
Consumer loans	**5,557**	5,371
Home equity loans	**9,086**	5,008
Commercial and agricultural loans	**18,810**	17,711
Savings account and other loans	**230**	177
Overdraft deposit accounts	**28**	31
	142,072	135,768
Less:		
Loans in process	**845**	2,646
Allowance for credit losses	**2,527**	2,495
Deferred loan fees	**118**	91
	$ 138,582	$ 130,536

NOTE 3. LOANS AND ALLOWANCE FOR CREDIT 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. Accrued interest receivable totaled $1,180 at September 30, 2023, and was reported in (accrued interest receivable or other assets) on the consolidated balance sheets and is excluded from the estimate of credit losses.

The Company's practice is to charge off any loan, or a portion of a loan, when the loan is determined by management to be uncollectible due to the borrower's failure to meet repayment terms, the borrower's deteriorating or deteriorated financial condition, the depreciation of the underlying collateral, the loan's classification as a loss by regulatory examiners, or for other reasons.

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

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

The allowance for credit losses is measured on a collective (pool) basis when similar risk characteristics exist. Upon adoption of ASC 326, the Company elected to maintain pools of loans that were previously accounted for under ASC 310-30 and will continue to account for these pools as a unit of account. Loans are only removed from the existing pools if they are written off, paid off, or sold. Upon adoption of ASC 326, the allowance for credit losses was determined for each

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

pool and added to the pool's carrying amount to establish a new amortized cost basis. Changes to the allowance for credit losses after adoption are recorded through credit loss expense.

Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are not also included in the pool evaluation. When the Company determines that foreclosure is probable, (include the following if the collateral-dependent practical expedient has been elected: or when the borrower is experiencing financial difficulty at the report date and repayment is expected to be provided substantially through the operation or sale of the collateral) expected credit losses are based on the fair value of the collateral at the reporting date adjusted for selling costs as appropriate.

The allowance for credit losses also consists of specific and unallocated components. The specific component relates to loans individually evaluated that are classified as doubtful, substandard, or special mention. For such loans also classified as impaired, an allowance is established when the discounted cash flow or collateral value of the impaired loan is lower than the carrying value of that loan. An unallocated component is maintained to cover uncertainties that could affect management's estimate of probable losses. The unallocated component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio.

A loan is considered impaired when, based on current information and events, it is probable that the Bank will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis. Income recognition from impaired loans is determined in accordance with GAAP, as well as financial institutions' guidance.

(Dollars in Thousands Except Share and Per Share Data)

NOTE 3. LOANS AND ALLOWANCE FOR CREDIT 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, 2023 and 2022:

		Past due					Status of Interest Accruals	
2023	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	**$ 18,718**	**$ 56**	**$ 36**	**$ -**	**$ 92**	**$ 18,810**	**$ 72**	**$ -**
Residential Mortgage Loans								
Construction	**6,807**	**-**	**-**	**-**	**-**	**6,807**	**-**	**-**
Other	**26,607**	**-**	**-**	**-**	**-**	**26,607**	**-**	**-**
Commercial Real Estate	**60,033**	**217**	**546**	**-**	**763**	**60,796**	**1,467**	**-**
Agricultural Real Estate	**14,151**	**-**	**-**	**-**	**-**	**14,151**	**-**	**-**
Consumer	**5,498**	**19**	**-**	**40**	**59**	**5,557**	**40**	**-**
Home equity loans	**9,066**	**20**	**-**	**-**	**20**	**9,086**	**151**	**-**
Savings account and other	**230**	**-**	**-**	**-**	**-**	**230**	**-**	**-**
Overdraft deposit accounts	**28**	**-**	**-**	**-**	**-**	**28**	**-**	**-**
	$ 141,138	**$ 312**	**$ 582**	**$ 40**	**$ 934**	**$ 142,072**	**$ 1,730**	**$ -**
2022								
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	5,371	42	11	6	-	5,371	8	-
Home equity loans	5,008	-	-	-	-	5,008	155	-
Savings account and other	177	-	-	-	-	177	-	-
Overdraft deposit accounts	31	-	-	-	-	31	-	-
	$ 135,768	$ 42	$ 11	$ 6	$ -	$ 135,768	$ 489	$ -

NOTE 3. LOANS AND ALLOWANCE FOR CREDIT 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.

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. The interest on these loans is accounted for on the cost-recovery method, interest income is not recognized until the loan balance is reduced to zero. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured. Impaired loans are evaluated based on performance in determining whether to place them on nonaccrual status.

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 CREDIT LOSSES (CONTINUED)

Credit Risk Policies (Continued)

The Bank recognizes an allowance for credit 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

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 CREDIT 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.

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 CREDIT LOSSES (CONTINUED)

The following tables present informative data regarding credit losses, and changes in those allowances as of September 30, 2023 and 2022 and for the years then ended:

	Commercial and		Real Estate				
2023	Agricultural	Consumer	Commercial	Consumer	Agricultural	Unidentified	Total
Allowance for Credit Losses							
Beginning Balance	**$ 215**	**$ 53**	**$ 1,601**	**$ 366**	**$ 232**	**$ (17)**	**$ 2,450**
Written off	**(30)**	**(3)**	**(57)**	**-**	**-**	**-**	**(90)**
Recovered	**-**	**3**	**-**	**-**	**-**	**-**	**3**
Provision	**175**	**124**	**(373)**	**247**	**33**	**(64)**	**142**
Ending Balance	**$ 360**	**$ 177**	**$ 1,171**	**$ 613**	**$ 265**	**$ (81)**	**$ 2,505**
Ending balance evaluated for impairment							
Beginng Balance							
Individually	**$ -**	**$ 16**	**$ 29**	**$ -**	**$ -**	**$ -**	**$ 45**
Collectively	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Provision	**-**	**3**	**(26)**	**-**	**-**	**-**	**(23)**
Ending Balance							
Individually	3	4	-	**15**	**-**	**-**	**22**
Collectively	-	-	-	-	-	-	-
Ending balance	**$ 363**	**$ 181**	**$ 1,171**	**$ 628**	**$ 265**	**$ (81)**	**$ 2,527**

	Commercial and		Real Estate				
2022	Agricultural	Consumer	Commercial	Consumer	Agricultural	Unidentified	Total
Allowance for Loan and Lease 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

(Dollars in Thousands Except Share and Per Share Data)

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

The cumulative loss rate used as the basis for the estimate of credit losses is comprised of the proxy expected lifetime loss rates from the UBPR adjusted to reflect the Company's historical loss experience from 2012 to 2022. No reversion adjustments were necessary, as the starting point for the Company's estimate was a cumulative loss rate covering the expected contractual term of the portfolio.

Nonaccrual loan
Nonaccrual loans are those which the Company believes have a higher risk of loss. Loans that are 90 days or more past due, based on the contractual terms of the loan, are classified as nonaccrual. Other current loans for which the Company does not expect to receive all the contractual payments are also classified as nonaccrual.

The following tables presents the amortized cost basis of nonaccrual loans by class of financing receivable:

2023	Nonaccrual Loans Without an ACL	Nonaccrual Loans With an ACL	Total Nonaccrual Loans	Related ACL Recorded	Interest Income Recognized on Nonaccrual Loans
Home equity loans	**$ -**	**$ 151**	**$ 151**	**$ 15**	**$ -**
Consumer	**-**	**40**	**40**	**4**	**-**
Commercial and Agricultura	**38**	**34**	**72**	**3**	**-**
Commercial Real Esate	**1,467**	**-**	**1,467**	**-**	**26**
Residential Construction	**-**	**-**	**-**	**-**	**-**
Agriculture Mortgage	**-**	**-**	**-**	**-**	**-**
Totals	**$ 1,505**	**$ 225**	**$ 1,730**	**$ 22**	**$ 26**

2022	Total Nonaccrual Loans
Home equity loans	$ 155
Consumer	8
Commercial and Agricultural	25
Commercial Real Esate	301
Residential Construction	-
Agriculture Mortgage	-
Totals	$ 489

The Company has a collateral dependent loan of $546 included in commercial real estate nonaccrual loans due to impending foreclosure. The nonaccrual loan has been written down to the appraisal less estimated closing costs and does not have an additional ACL.

(Dollars in Thousands Except Share and Per Share Data)

NOTE 3. LOANS AND ALLOWANCE FOR CREDIT 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 at such time as the loan is restored to a performing status.

The following tables information on impaired loans of September 30, 2023 and 2022 and for the years then ended:

2023	**Impaired Loan Balance**	**Impaired Loans Without an ACL**	**Impaired Loans With an ACL**	**Related ACL Recorded**	**Year-to-Date Average Loan Balance**
Residential Mortgage	**$ 146**	**$ -**	**$ 146**	**$ 15**	**$ 151**
Consumer	**45**	**-**	**45**	**4**	**27**
Commercial and Agricultural	**73**	**39**	**34**	**3**	**49**
Commercial Real Esate	**1,467**	**1,467**	**-**	**-**	**884**
Residential Construction	**-**	**-**	**-**	**-**	
Agriculture Mortgage	**-**	**-**	**-**	**-**	**-**
Totals	**$ 1,731**	**$ 1,506**	**$ 225**	**$ 22**	**$ 1,110**

2022	Impaired Loan Balance	Impaired Loans Without an Allowance	Impaired Loans With an Allowance	Related Allowance Recorded	Year-to-Date Average Loan Balance
Residential Mortgage	$ 155	$ -	$ 155	$ 16	$ 160
Consumer	8	-	8	1	7
Commercial and Agricultural	25	25	-	-	12
Commercial Real Esate	301	-	301	28	151
Residential Construction	-	-	-	-	-
Agriculture Mortgage	-	-	-	-	126
Totals	$ 489	$ 25	$ 464	$ 45	$ 456

The Company recognized interest income on impaired loans of $26 and $3 during 2023 and 2022, respectively.

NOTE 4. CREDIT QUALITY OF LOANS RECEIVABLE

The Company's credit risk profile for loans includes assessment of loan quality through the use of an internal loan rating system. Each loan is assigned a rating upon origination and the rating may be revised over the life of the loan as circumstances warrant. The Company categorizes the loans into risk categories based upon relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends.

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.

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, 2023 and 2022 is as follows:

2023	Residential Mortgage Loans	Consumer	Commercial and Agricultural loans	Commercial Real Estate and Construction Loans	Residential Mortgage Construction	Agriculture Mortgage
Excellent	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Good	**-**	**-**	**-**	**-**	**-**	**-**
Pass	**35,270**	**5,673**	**18,414**	**58,832**	**6,807**	**14,151**
Watch	**-**	**-**	**-**	**430**	**-**	**-**
Special Mention	**-**	**-**	**-**	**-**	**-**	**-**
Substandard	**423**	**142**	**396**	**1,534**	**-**	**-**
Total	**$ 35,693**	**$ 5,815**	**$ 18,810**	**$ 60,796**	**$ 6,807**	**$ 14,151**
2022						
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

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:

	2023	2022
Balance at beginning of year	**$ -**	$ -
Transfers from loans and cash payments to redeem senior lien holders	**39**	-
Dispositions	**(39)**	-
Gain (Loss) on dispositions	**-**	-
Balance at end of year	**$ -**	$ -

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

	2023	2022
Income from foreclosed/repossessed assets	**$ -**	$ -
Operating expenses	**-**	-
Net losses from foreclosed/repossessed assets	**$ -**	$ -

(Dollars in Thousands Except Share and Per Share Data)

NOTE 6. ACCRUED INTEREST RECEIVABLE

Accrued interest receivable at September 30 is summarized as follows:

	2023	2022
Investment securities	**$ 150**	$ 151
Investment in CD's	**6**	3
Loans receivable	**1,180**	751
	$ 1,336	$ 905

NOTE 7. PREMISES AND EQUIPMENT

Premises and equipment at September 30 is summarized as follows:

	2023	2022
Land and buildings	**$ 5,280**	$ 5,251
Furniture, fixtures and equipment	**1,265**	1,290
	6,545	6,541
Less accumulated depreciation	**3,349**	3,242
	$ 3,196	$ 3,299

Depreciation expense was $191 and $189 for the years ended September 30, 2023 and 2022, respectively.

NOTE 8. LEASED PROPERTY

The Bank leases an office building for the mortgage department with duration less than 12 months and has elected to use the short-term lease exemption, which allows for the expense to be recognized on a straight-line basis over the lease term. The rental expense approximated $11 and $11 for the years ended September 30, 2023 and 2022.

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:

	2023			2022	
	Weighted Average Rate	**Amount**	**Percent**	Amount	Percent
Demand, NOW and MMDA accounts	**0.81, 0.19**	**$ 88,383**	**55.19**	$ 98,576	63.69
Passbook savings	**0.70, 0.20**	**24,032**	**15.00**	30,924	19.98
Certificates of deposit by interest rate	**0.01 to 1.00**	**2,356**	**1.47**	20,836	13.47
	1.01 to 2.00	**1,419**	**0.89**	2,666	1.72
	2.01 to 3.00	**2,218**	**1.38**	1,767	1.14
	3.01 to 4.00	**6,850**	**4.28**	-	-
	4.01 to 5.00	**33,601**	**20.98**	-	-
	5.01 to 6.00	**1,298**	**0.81**	-	-
Total certificates of deposit		**47,742**	**29.81**	25,269	16.33
Total		**$160,157**	**100.00**	$ 154,769	100.00

Certificates of deposit of $250 or greater were approximately $15,433 and $6,234 at September 30, 2023 and 2022, respectively.

Certificates of deposit at September 30, 2023, are scheduled to mature as follows:

September 30	**Amount**
2024	**$32,712**
2025	**11,964**
2026	**2,339**
2027	**727**
	$47,742

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

	2023	2022
NOW accounts and MMDA	**$ 661**	$ 125
Certificates of deposit and savings	**1,292**	215
	$ 1,953	$ 340

(Dollars in Thousands Except Share and Per Share Data)

NOTE 9. DEPOSITS (CONTINUED)

Accrued interest payable on deposits (included in accrued expenses and other liabilities) was $73 and $3 at September 30, 2023 and 2022, respectively.

Related party deposits as of September 30, 2023 and 2022 were $1,045 and $1,609, respectively.

NOTE 10. ADVANCES FROM FEDERAL HOME LOAN BANK

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

	2023	2022
0.91% Fixed Advance, interest payable monthly	**$ 2,000**	$ 2,000
3.06% Fixed Advance, interest payable monthly	**-**	3,000
4.58% Fixed Advance, interest payable monthly	**2,000**	-
4.34% Fixed Advance, interest payable monthly	**2,000**	-
4.43% Fixed Advance, interest payable monthly	**2,500**	-
	$ 8,500	$ 5,000

Contractual principal payments on advances from Federal Home Loan Bank subsequent to September 30, 2023, are as follows:

September 30	**Amount**
2024	**$ -**
2025	**-**
2026	**4,000**
2027	**2,500**
2028	**2,000**
	$ 8,500

The weighted average interest rate on these advances was 3.62% and 2.20% at September 30, 2023 and 2022, 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, 2023 and 2022, the total additional amount available to BFB for advances, subject to collateral availability, was $74,380 and $69,448.

(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 discount window and also subordinated debt. Other borrowed money at September 30 are summarized as follows:

	2023	2022
Federal Reserve Bank, interest and principal payment due at maturity, 5.33% fixed, maturity June 25, 2024.	**$ 2,000**	$ -
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
	$ 4,000	$ 2,000

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:	**2023**	2022
Reclassification adjustment, net of income tax benefit (expense) of $0 and $0 in 2023 and 2022, respectively	**$ -**	$ -
Change in unrealized gain on securities available-for-sale	**(647)**	(4,566)
Total change in other comprehensive income	**$ (647)**	$ (4,566)

(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:

	2023	2022
Current federal tax expense	**$ 324**	$ 484
Rounding	**(2)**	-
Deferred federal tax expense (benefit)	**(17)**	(87)
	$ 305	$ 397

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:

	2023	2022
Computed "expected" tax expense	**$ 332**	$ 411
Increase (decrease) resulting from:		
Tax-exempt interest	**(6)**	(5)
BOLI value adjustments	**(22)**	(13)
Other	**1**	4
	$ 305	$ 397

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:

	2023	2022
Deferred Tax Assets		
Allowance for credit losses	**$ 530**	$ 524
EDP/EPO reserve	**3**	3
Off balance sheet reserve	**8**	12
Executive deferred compensation	**26**	13
Unrealized loss on securities available-for-sale net	**1,517**	1,345
Gross deferred tax assets	**$ 2,084**	$ 1,897
Deferred Tax Liabilities		
Depreciation	**(88)**	(90)
Goodwill and other intangible assets	**(28)**	(28)
Gross deferred tax liabilities	**(116)**	(118)
Net deferred tax asset	**$ 1,968**	$ 1,779

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, 2023 and 2022 were $88 and $93, 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, 2023 and 2022, there were -0- of awarded but unvested shares. At September 30, 2023, 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, 2023 and 2022.

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 $123 and $60 at September 30, 2023 and 2022. The liability under the Plan was $123 and $60 at September 30, 2023 and 2022. The contributions made in fiscal year 2023 and 2022 were $63 and $60, respectively. 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 2023.

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:

	2023	2022
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	**$ 1,277**	$ 1,558
Basic earnings per share	**$ 2.41**	$ 2.94
Diluted earnings per share	**$ 2.41**	$ 2.94

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, 2023, 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, 2023, 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, 2023 and 2022, are as follows:

	Actual		**Minimum CBLR framework**	
	Amount	**Ratio**	**Amount**	**Ratio**
As of September 30, 2023				
Tier 1 leverage ratio	**$ 17,629**	**9.37%**	**$ 16,942**	**9.00%**
As of September 30, 2022				
Tier 1 leverage ratio	$ 16,918	9.69%	$ 15,707	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, 2023.

(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, 2023, whose contract amounts represent credit risk include:

Unfunded loans in process	**$**	**845**
Commitments to extend credit at fixed rates		**-**
Commitments to extend credit at adjustable rates		**55**
Unfunded lines and letters of credit		**10,902**

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.

	2023		2022	
Beginning balance	**$**	**293**	$	150
Additions		**183**		276
Payments		**(160)**		(133)
Loans to retired/terminated officers/directors		**-**		-
Ending balance	**$**	**316**	$	293

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:

	2023		2022	
	Book Value	**Fair Value**	Book Value	Fair Value
Assets:				
Cash and cash equivalents	**$ 12,037**	**$ 12,037**	$ 10,048	$ 10,048
Investment and mortgage-backed securities, available for sale	**21,253**	**21,253**	22,193	22,193
Stock in Federal Reserve	**196**	**196**	196	196
Stock in FHLB	**549**	**549**	415	415
Loans held for sale	**1,647**	**1,647**	413	413
Loans receivable, net	**138,582**	**131,589**	130,536	130,754
Banked-owned life insurance	**3,967**	**3,967**	3,859	3,859
Accrued interest receivable	**1,336**	**1,336**	905	905
Liabilities:				
Deposits	**$160,157**	**$135,552**	$ 154,769	$ 127,946
Advances from FHLB	**8,500**	**8,204**	5,000	4,701
Other borrowed money	**4,000**	**4,009**	2,000	2,000
Accrued expenses and other liabilities	**628**	**628**	569	569

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, 2023 and 2022 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, 2023:				
US Agency/Treasury	**$ 20,352**	**$ 20,352**	**$ -**	**$ -**
Municipal Securities	**546**	**546**	**-**	**-**
Mutual Funds	**318**	**318**	**-**	**-**
Mortgage Backed Securities	**37**	**37**	**-**	**-**
Total	**$ 21,253**	**$ 21,253**	**$ -**	**$ -**
September 30, 2022:				
US Agency/Treasury	$ 21,187	$ 21,187	$ -	$ -
Municipal Securities	659	659	-	-
Mutual Funds	295	295	-	-
Mortgage Backed Securities	52	52	-	-
Total	$ 22,193	$ 22,193	$ -	$ -

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, 2023 and 2022:

	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, 2023:					
Financial assets:					
Impaired loans, net of allowance for credit losses	**$ 1,730**	**$ 1,730**	**$ -**	**$ -**	**$ 1,730**
Goodwill	**132**	**132**	**-**	**-**	**132**
Total	**$ 1,862**	**$ 1,862**	**$ -**	**$ -**	**$ 1,862**
September 30, 2022:					
Financial assets:					
Impaired loans, net of allowance for credit losses	$ 489	$ 489	$ -	$ -	$ 489
Goodwill	132	132	-	-	132
Total	$ 621	$ 621	$ -	$ -	$ 621

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 ACL

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, 2023	2022
ASSETS		
Cash (demand account with BFB $30 and $74 respectively)	**$ 1,180**	$ 824
Investment in subsidiary	**12,081**	12,028
Investment securities available-for-sale – mutual funds	**317**	295
Income taxes receivable	**447**	421
Deferred tax asset	**7**	10
Other assets	**18**	15
Total assets	**$ 14,050**	$ 13,593
LIABILITIES AND STOCKHOLDERS' EQUITY		
Other borrowed money	**$ 2,000**	$ 2,000
Other liabilities	**8**	17
Total liabilities	**2,008**	2,017
Stockholders' equity		
Common stock	**106**	106
Additional paid-in capital	**10,303**	10,303
Retained earnings	**15,809**	14,696
Accumulated other comprehensive income, net	**(5,708)**	(5,061)
Treasury stock	**(8,468)**	(8,468)
Total stockholders' equity	**12,042**	11,576
Total liabilities and stockholders' equity	**$ 14,050**	$ 13,593

(Dollars in Thousands Except Share and Per Share Data)

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

Condensed Statements of Income

	Years Ended September 30,	
	2023	2022
Dividends from BFB	**$ 664**	$ 664
Dividends and capital gain distributions on mutual funds	**31**	40
Interest expense	**(101)**	(101)
Management fee to BFB	**(24)**	(24)
Other operating expenses	**(30)**	(42)
Income before equity in undistributed earnings of subsidiary and income taxes	**540**	537
Equity in undistributed earnings of subsidiary	**711**	994
Income before income taxes	**1,251**	1,531
Income tax benefit	**26**	27
Net Income	**$ 1,277**	$ 1,558

Condensed Statements of Cash Flows

	Years Ended September 30,	
	2023	2022
Net income	**$ 1,277**	$ 1,558
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in undistributed earnings of subsidiary	**(711)**	(994)
Mutual fund earnings reinvested	**(8)**	(35)
Increase in income taxes receivable	**(26)**	(27)
Decrease (increase) in other assets	**(3)**	-
Increase (decrease) in other liabilities	**(9)**	10
Net cash from operating activities	**520**	512
Cash flows from financing activities:		
Cash dividends paid	**(164)**	(164)
Net cash from financing activities	**(164)**	(164)

(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, 2023	2022
Net change in cash	**356**	348
Cash at beginning of year	**824**	476
Cash at end of year	**$ 1,180**	$ 824

NOTE 21. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

	YEAR ENDED SEPTEMBER 30, 2023 First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Interest income	**$ 1,932**	**$ 2,021**	**$ 2,210**	**$ 2,294**
Interest expense	**316**	**546**	**705**	**798**
Net interest income	**1,616**	**1,475**	**1,505**	**1,496**
Provision for loan losses	**99**	**-**	**20**	**-**
Net interest income after provision for loan loss	**1,517**	**1,475**	**1,485**	**1,496**
Non interest income	**224**	**226**	**244**	**256**
Non interest expense	**1,315**	**1,366**	**1,248**	**1,412**
Income before provision for income taxes	**426**	**335**	**481**	**340**
Provision for income taxes	**83**	**64**	**94**	**64**
Net income before preferred dividends	**343**	**271**	**387**	**276**
Preferred dividends	**-**	**-**	**-**	**-**
Net income available to common shareholders	**$ 343**	**$ 271**	**$ 387**	**$ 276**
Basic earnings per share	**$ 0.65**	**$ 0.51**	**$ 0.73**	**$ 0.52**
Diluted earnings per share	**$ 0.65**	**$ 0.51**	**$ 0.73**	**$ 0.52**
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, 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	$ -	$ -	$ -

This page intentionally left blank

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

Chanda Rule
Secretary

Sandra K. Todd
Treasurer

Trevor Moon

Thomas J. Berry

Paul M. Brunkhorst

Joseph F. Helmer

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
Crowley Fleck PLLP
111 W 2nd St, Suite 220
Casper, WY 82601

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

Independent Auditors
KCoe Isom, LLP
828 Great Northern Blvd. FL. 4
Helena, MT 59601

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 31, 2024, at 3:00 p.m. at the Company's main office located at 106 Fort Street, Buffalo, Wyoming.