

BASIS OF PRESENTATION

The accompanying unaudited interim consolidated condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. For further information, the reader should refer to the Annual Report of Crazy Woman Creek Bancorp Incorporated (the “Company”) for the fiscal years ended September 30, 2019 and 2018.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included. The results of operations for the three months ended December 31, 2019 are not necessarily indicative of the results, which may be expected for an entire year or any other period.

The accompanying consolidated financial statements include the accounts of the Company and Buffalo Federal Bank (the “Bank”), a wholly-owned subsidiary of the Company. All significant intercompany balances and transactions have been eliminated in consolidation.

FORWARD LOOKING STATEMENTS

The Company may from time to time make written or oral “forward-looking statements”, including statements contained in the Company’s filings with the Federal Reserve Bank of Kansas City (including this Quarterly Report and the exhibits thereto), in its reports to stockholders and in other communications by the Company, which are made in good faith by the Company pursuant to the “safe harbor” provision of the Private Securities Litigation Reform Act of 1995.

These forward-looking statements involve risks and uncertainties, such as statements of the Company’s plans, objectives, expectations, estimates and intentions, that are subject to changes based on various important factors (some of which are beyond the Company’s control). The following factors, among others, could cause the Company’s financial performance to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements: the strength of the United States economy in general and the strength of the local economy in which the Company conducts operations; the effects of, and changes in, trade, monetary and fiscal policies and laws, including interest rate policies of the board of governors of the federal reserve system, inflation, interest rates, market and monetary fluctuations; the timely development of and acceptance of new products and services of the Company and the perceived overall value of these products and services by users, including the features, pricing and quality compared to competitors’ products and services; the willingness of users to substitute competitors’ products and services for the Company’s products and services; the success of the Company in gaining regulatory approval of its products and services, when required; the impact of changes in financial services’ laws and regulations (including laws concerning taxes, banking, securities and insurance); technological changes; acquisitions; changes in consumer spending and saving habits; and the success of the Company at managing the risks resulting from these factors.

The Company cautions that the listed factors are not exclusive. The Company does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by or on behalf of the Company.

(UNAUDITED)
CRAZY WOMAN CREEK BANCORP INCORPORATED AND SUBSIDIARY

Consolidated Balance Sheets
(Dollars in thousands except share and per share data)

	<u>December 31,</u> <u>2019</u>	<u>September 30,</u> <u>2019</u>
ASSETS		
Cash and due from banks	\$ 877	\$ 902
Federal funds	5,175	4,639
Interest-bearing due from banks	3,569	3,313
Cash and cash equivalents	<u>9,621</u>	<u>8,854</u>
Investment and mortgage-backed securities		
available-for-sale	22,970	24,160
Stock in Federal Reserve Bank of Kansas City, at cost	196	196
Stock in Federal Home Loan Bank of Seattle, at cost	378	379
Loans held-for-sale	1,048	1,179
Loans receivable, net	82,246	82,991
Bank-owned life insurance	1,727	1,717
Accrued interest receivable	542	765
Premises and equipment, net	3,487	3,518
Reposessed other assets owned	569	-
Deferred income tax	246	202
Goodwill	132	132
Other assets	113	138
Total assets	<u><u>\$ 123,275</u></u>	<u><u>\$ 124,231</u></u>

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CRAZY WOMAN CREEK BANCORP INCORPORATED AND SUBSIDIARY

Consolidated Balance Sheets
(Dollars in thousands except share and per share data)

LIABILITIES AND STOCKHOLDERS' EQUITY	<u>December 31,</u> <u>2019</u>	<u>September 30,</u> <u>2019</u>
Liabilities:		
Deposits	\$ 102,908	\$ 103,787
Advances from Federal Home Loan Bank	5,835	5,846
Advance payments by borrowers for taxes and insurance	23	113
Income taxes payable	93	4
Accrued expenses and other liabilities	255	266
Total liabilities	<u>109,114</u>	<u>110,016</u>
Stockholders' equity:		
Common stock, par value \$.10 per share, 5,000,000 shares authorized; 1,058,000 issued, 623,014 and 624,625 outstanding at December 31, 2019 and September 30, 2019, respectively.	106	106
Additional paid-in capital	10,303	10,303
Retained earnings	10,988	10,859
Accumulated other comprehensive income (loss), net	(116)	33
Treasury stock at cost, 434,986 and 433,375 shares at December 31, 2019 and September 30, 2019, respectively	<u>(7,120)</u>	<u>(7,086)</u>
Total stockholders' equity	<u>14,161</u>	<u>14,215</u>
Total liabilities and stockholders' equity	<u><u>\$ 123,275</u></u>	<u><u>\$ 124,231</u></u>

(UNAUDITED)
CRAZY WOMAN CREEK BANCORP INCORPORATED AND SUBSIDIARY

Consolidated Statements of Stockholders' Equity and Comprehensive Income
(Dollars in thousands except share and per share data)

	Three Months ended Dec 31,	
	<u>2019</u>	<u>2018</u>
INTEREST INCOME:		
Loans receivable	\$ 1,201	\$ 1,111
Mortgage-backed securities	1	2
Investment securities	156	141
Other interest-earning assets	<u>35</u>	<u>61</u>
Total interest income	<u>1,393</u>	<u>1,315</u>
INTEREST EXPENSE:		
Deposits	197	166
Advances from Federal Home Loan Bank	<u>47</u>	<u>56</u>
Total interest expense	<u>244</u>	<u>222</u>
Net interest income	1,149	1,093
Provision for loan losses	<u>-</u>	<u>-</u>
Net interest income after provision for loan losses	<u>1,149</u>	<u>1,093</u>
NON-INTEREST INCOME:		
Customer service charges	35	45
Gain on sale of loans	203	148
Other operating income	<u>133</u>	<u>140</u>
Total non-interest income	<u>371</u>	<u>333</u>
NON-INTEREST EXPENSE:		
Compensation and benefits	615	607
Occupancy and equipment	97	102
FDIC/SAIF deposit insurance premiums	-	8
Advertising	39	41
Data processing services	166	160
Professional fees	52	48
Other	131	116
Loss on disposal of obsolete equipment	<u>1</u>	<u>1</u>
Total non-interest expense	<u>1,101</u>	<u>1,083</u>
Income before income taxes	419	343
Income tax expense (benefit)	<u>85</u>	<u>56</u>
Net income	<u>\$ 334</u>	<u>\$ 287</u>

(UNAUDITED)
CRAZY WOMAN CREEK BANCORP INCORPORATED AND SUBSIDIARY

Consolidated Statements of Stockholders' Equity and Comprehensive Income
(Dollars in thousands except share and per share data)

	Three Months ended Dec 31,	
	<u>2019</u>	<u>2018</u>
OTHER COMPREHENSIVE LOSS		
Unrealized gain/loss on securities available-for-sale, net of reclassification adjustment	<u>(149)</u>	<u>237</u>
Comprehensive income	<u>\$ 185</u>	<u>\$ 524</u>
Net income	<u>334</u>	<u>287</u>
Net income available to common stockholders	<u>\$ 334</u>	<u>\$ 287</u>
Dividends declared per common share	<u>\$ 0.33</u>	<u>\$ 0.32</u>
Basic earnings per share	<u>\$ 0.54</u>	<u>\$ 0.46</u>
Diluted earnings per share	<u>\$ 0.54</u>	<u>\$ 0.46</u>

(UNAUDITED)

CRAZY WOMAN CREEK BANCORP INCORPORATED AND SUBSIDIARY

Consolidated Statements of Stockholders' Equity
(Dollars in thousands except share and per share data)

	<u>Common stock</u>	<u>Additional paid-in capital</u>	<u>Retained earnings</u>	<u>Accumulated other comprehensive income (loss)</u>	<u>Treasury stock</u>	<u>Total stockholders' equity</u>
Balance at October 1, 2018	\$ 106	\$ 10,303	\$ 9,932	\$ (596)	\$ (7,086)	\$ 12,659
Net income	-	-	1,127	-	-	1,127
Unrealized loss on securities available-for-sale, net of reclassification adjustment	-	-	-	629	-	629
Cash dividends declared- common stock	-	-	(200)	-	-	(200)
Balance at September 30, 2019	106	10,303	10,859	33	(7,086)	14,215
Net income	-	-	334	-	-	334
Unrealized gain on securities available-for-sale, net of reclassification adjustment	-	-	-	(149)	-	(149)
Treasury Shares Purchased	-	-	-	-	(34)	(34)
Cash dividends declared- common stock	-	-	(205)	-	-	(205)
Balance at December 31, 2019	<u>\$ 106</u>	<u>\$ 10,303</u>	<u>\$ 10,988</u>	<u>\$ (116)</u>	<u>\$ (7,120)</u>	<u>\$ 14,161</u>

(UNAUDITED)

CRAZY WOMAN CREEK BANCORP INCORPORATED AND SUBSIDIARY

Consolidated Statements of Cash Flows
(Dollars in Thousands)

Quarter ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Net income	\$ 334	\$ 287
Adjustments to reconcile net income to net cash provided by operating activities:		
Loans originated for sale	(6,579)	(4,594)
Proceeds from sales of loans held-for-sale	6,710	5,751
Amortization of premiums and discounts on investment securities	4	(3)
Deferred income tax (benefit) expense	(4)	(2)
Depreciation	45	44
Mutual fund dividends reinvested	(16)	(14)
Deferred loan origination fees, net	(5)	4
Gain on bank-owned life insurance	(10)	(11)
Loss on disposal of equipment	1	-
Change in:		
Accrued interest receivable	223	86
Other assets	25	(80)
Income taxes payable	89	7
Accrued expenses and other liabilities	(11)	(163)
Net cash from operating activities	<u>806</u>	<u>1,312</u>
Cash flows from investing activities:		
Purchases of securities available-for-sale	(4,253)	(4,384)
Proceeds from maturities, calls and prepayments of securities available-for-sale	5,266	4,015
Proceeds from FHLB stock	1	-
Change in loans receivable	181	(2,337)
Purchases of premises and equipment	(15)	(43)
Net cash from investing activities	<u>1,180</u>	<u>(2,749)</u>

(UNAUDITED)

CRAZY WOMAN CREEK BANCORP INCORPORATED AND SUBSIDIARY

Consolidated Statements of Cash Flows
(Dollars in Thousands)

Quarter ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from financing activities:		
Net increase (decrease) in deposits	(879)	3,532
Repayment of advances from Federal Home Loan Bank	(11)	(11)
Net increase (decrease) in advances from borrowers for taxes and insurance	(90)	(69)
Acquisition of treasury stock, at cost	(34)	-
Dividends paid to stockholders-common	(205)	(200)
Net cash from financing activities	<u>(1,219)</u>	<u>3,252</u>
Net increase (decrease) in cash and cash equivalents	767	1,815
Cash and cash equivalents at beginning of year	8,854	8,455
Cash and cash equivalents at end of year	<u>\$ 9,621</u>	<u>\$ 10,270</u>
Cash paid during the year for:		
Interest	\$ 242	\$ 219
Income taxes	\$ -	\$ 50