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Community Investors Bancorp, Inc.

2024 FINANCIAL STATEMENTS & RELATED DATA

Community Investors Bancorp, Inc.
P.O. Box 766 • Bucyrus, Ohio • Phone: (419) 562-7055

2024 Annual Report President's Letter

While FFCB's previous Fiscal Year 2023 was defined by the many changes both internally and externally that occurred, this Fiscal Year 2024 can be defined by a renewed focus on stabilization. The bank embarked on a strategic planning initiative that at its core upholds our mission to provide resources that strengthen the communities we serve and focuses on our commitment to be the "Bank of Choice" in those communities as well. Strengthening our "Core" mission and commitments has allowed us to quickly establish a solid and stable foundation on which to create and build value for all stakeholders! Key to our strategic objectives' success is our focus on intentional, long-term, and managed growth that not only moves the bank to a more resilient and thriving organization but also prioritizes the well-being of our employees, customers, and shareholders. While our financial results for fiscal year 2024 confirm that our continued efforts to build a stable foundation that supports strategic, intentional growth have shown improvement to our financial results, we are not resting. We continue to emphasize the 3C's- Care, Curiosity and Courage-as integral to our bank's continued improvement. This improvement, however, was not without ongoing challenges. The continued slow economy marked by stubborn inflation concerns and continued historically high-rate environment continued to affect our normal flow of loan business. This stagnant economic environment continued to squeeze our interest margin. Additionally, liquidity pressures continued as the market pressures continued to negatively impact financial institutions (especially community banks) liquidity positions. This too led to pressure on our interest margin as deposit interest costs settled in at historically high rates. Finally, due to the previous fiscal year's significant personnel issues, many key executives and management took on new roles and additional responsibilities during this time. However, these changes have enhanced the stabilization, strengthened our leadership, and streamlined our processes. Our whole team's focus on taking complete ownership of every situation has proven that we are able to navigate any challenge effectively and consistently achieve our strategic goals.

In addition to the establishment of an improved strategic plan as mentioned above, the bank has been working extremely hard to establish improved Policies and streamlined Operating Procedures in all areas. These two initiatives combined to make our team more Responsive, Proactive and Nimble as we met unprecedented challenges never experienced in our collective careers. Specifically, we have met the Liquidity challenge by taking a multi-pronged approach. We renewed our focus on the commercial and retail side of the bank to utilize our Strategy Corp. checking account offerings to gather more deposits and strive for more full-service relationships. We also established a larger contingent fund availability with correspondent banks and FHLB. Finally, and most importantly, our team has worked with the State of Ohio to grow our core deposits through programs such as Ohio Ag Link and Ohio Homebuyer Plus accounts. We also continually review and update our established capital plan for adequacy of available capital and strategize for capital improvement opportunities beyond organic growth. During FY 2024 we completed the establishment of a bank-wide Enterprise Risk Management program. This has allowed us to be not only more responsive to potential increased risk situations but also more predictive and efficient. Finally, we are nearing the completion of a much more robust shareholder relations program that will improve transparency and add more valuable information at the fingertips of our current shareholders and prospective investors, communities, and customers. Additionally, we have enjoyed a strong portfolio loan effort for a long time, and we are beginning to see improved volumes in our secondary market function for both residential and commercial loans. Finally, as mentioned above, the appointment of our key executive teams to enhanced roles has led to a much-improved responsiveness to challenges and implementation of opportunities presented. Most importantly and "Core" to First Federal **Community** Bank's commitment to strengthen the communities we serve, is that our team members proudly live and serve in our communities and practice our common belief of: Care for each other, Curiosity for things unknown, and the Courage of Ownership.

While we did not experience significant key personnel changes this year, the new executive management team was able to settle into their appointed positions from last year and quickly begin collaborating and effecting change. Our team embraced the 3 C's and lead their respective teams daily with those in mind. Our Strategic Plan became a living document which has allowed for many process improvements, restructuring of our retail area to enhance the customer service experience, and building the bench through our management trainee program and career pathing efforts. Recruiting folks to come work for us is not hard as most or all referrals come from our current employees. That is a testament to culture and the team.

The Bank reported net earnings of $1.14 million or $1.44 per basic share, for the year ended June 30, 2024 (FY2024). This represents an increase of $424 thousand or 59.2% compared to net earnings of $716 thousand or $0.90 per basic share, reported for the year ended June 30, 2023 (FYE2023). The increase in 2024 earnings primarily reflects an increase of $4.5 million in interest and dividend income or 40.6% and noninterest income showed a $798 thousand or 28.2% increase from 2023. Additionally, due to continued low delinquency the Bank was able to decrease provision for credit loss by $106 thousand for FYE 2024. Monitoring loan growth and higher interest rates put pressure on the Bank's cost of funds throughout FY 2024 and is the main contributor to the increase in interest expense year over year. To improve our interest expense, we have implemented initiatives to increase our core deposits. By fully promoting and utilizing our new personal checking account lines, focusing on full-relationship retail and commercial banking, and harnessing state-based programs like Ohio Ag-Link and Ohio Homebuyers Plus accounts, we have and will continue to favorably impact our cost of funds. Finally, as part of our effort to implement a continuous improvement mindset, we continue to implement cost savings initiatives and explore every opportunity to fully utilize our investments.

Community Investors Bancorp, Inc. (the Bank) reported total assets on June 30, 2024, of $312 million an increase of $39.8 million or 14.6% from June 30, 2023, including gross loans of $255.7 million an increase of $40.4 million or 18.7% from 2023. Deposits grew by $22.2 million, a 10.4% increase from 2023. Total stockholders' equity increased by $882 thousand to $17.7 million as a result of improved net income plus the change in unrealized losses on investments less CECL implementation. In addition, dividends of $303,000 or $.40 per share were paid on common shares during the fiscal year.

As we look to 2025 and beyond, we will continue to draw on the key to our past success and continued bank-wide improvements; our ability to execute our strategic plan. On behalf of the entire First Federal team, thank you for your support.

Steven R. Crall
President & CEO

Community Investors Bancorp, Inc.

Independent Auditor's Report and Consolidated Financial Statements

June 30, 2024 and 2023

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Independent Auditor's Report

Board of Directors and Stockholders
Community Investors Bancorp, Inc.
Bucyrus, Ohio

Opinion

We have audited the consolidated financial statements of Community Investors Bancorp, Inc. and its subsidiary (Company), which comprise the consolidated balance sheets as of June 30, 2024 and 2023, and the related consolidated statements of income and comprehensive income, stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Community Investors Bancorp, Inc. and its subsidiary as of June 30, 2024 and 2023, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, in 2024, the Company changed its method of accounting for credit losses on financial instruments due to the adoption of ASC Topic 326. Our opinion is not modified with respect to this matter.

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

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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Community Investors Bancorp, Inc.'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 Community Investors Bancorp, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Forvis Mazars, LLP

Cincinnati, Ohio
October 4, 2024

Community Investors Bancorp, Inc.
Consolidated Balance Sheets
June 30, 2024 and 2023
(Dollars in Thousands, Except Per Share Amounts)

	2024	2023
Assets		
Cash and due from banks	$ 4,646	$ 4,489
Interest-bearing deposits	3,047	1,824
Federal funds sold	429	40
Cash and cash equivalents	8,122	6,353
Interest-bearing time deposits	245	245
Available-for-sale debt securities	23,191	27,830
Loans held for sale	5,040	4,960
Loans, net of allowance for credit losses of $2,270 and $1,790 at June 30, 2024 and 2023, respectively	255,658	215,271
Premises and equipment	5,362	5,583
Federal Home Loan Bank stock	4,796	3,721
Bank owned life insurance	4,114	3,531
Interest receivable	1,636	1,106
Mortgage servicing rights	872	901
Other assets	2,210	1,943
Goodwill and intangibles	425	430
Total assets	$ 311,671	$ 271,874
Liabilities and Stockholders' Equity		
Liabilities		
Deposits		
Demand	39,297	37,066
Savings, NOW, and money market	92,697	95,251
Time	104,390	81,865
Total deposits	236,384	214,182
Federal Home Loan Bank advances	49,539	35,439
Other borrowings	5,759	3,350
Advances from borrowers for taxes and insurance	342	337
Interest payable	693	596
Deferred federal income taxes	356	230
Other liabilities	896	920
Total liabilities	293,969	255,054
Stockholders' Equity		
Common stock, $0.01 par value; authorized 4,000,000 shares; shares issued 1,525,297 shares; outstanding 794,142 shares	15	15
Additional paid-in capital	5,299	5,299
Retained earnings	21,529	21,200
Accumulated other comprehensive loss	(1,667)	(2,220)
Treasury stock, at cost		
Common; 731,155 shares	(7,474)	(7,474)
Total stockholders' equity	17,702	16,820
Total liabilities and stockholders' equity	$ 311,671	$ 271,874

See Notes to Consolidated Financial Statements

Community Investors Bancorp, Inc.
Consolidated Statements of Income
Years Ended June 30, 2024 and 2023
(Dollars in Thousands, Except Per Share Amounts)

	2024	2023
Interest and Dividend Income		
Loans	$ 14,584	$ 10,213
Securities		
Taxable	318	340
Tax-exempt	120	103
Dividends on Federal Home Loan Bank stock	346	206
Deposits with financial institutions and other	76	121
Total interest and dividend income	15,444	10,983
Interest Expense		
Deposits	4,843	2,208
Federal Home Loan Bank advances	2,127	1,088
Other	265	153
Total interest expense	7,235	3,449
Net Interest Income	8,209	7,534
Provision for Credit Losses		
Loans	50	150
Off-balance-sheet credit exposures	(6)	-
Total provision for credit losses	44	150
Net Interest Income After Provision for Credit Losses	8,165	7,384
Noninterest Income		
Net gains on loan sales	2,793	2,054
Other	830	771
Total noninterest income	3,623	2,825
Noninterest Expense		
Salaries and employee benefits	6,149	5,542
Net occupancy and equipment expense	827	851
Data processing fees	901	882
Professional fees	305	473
Franchise taxes	159	97
FDIC insurance premiums	382	138
Other	1,592	1,401
Total noninterest expense	10,315	9,384
Income Before Income Tax	1,474	825
Provision for Income Taxes	334	109
Net Income	$ 1,140	$ 716
Basic and Diluted Earnings Per Share	$ 1.44	$ 0.90

See Notes to Consolidated Financial Statements

Community Investors Bancorp, Inc.
Consolidated Statements of Comprehensive Income
Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

	2024	2023
Net income	$ 1,140	$ 716
Net unrealized gain (loss) on available-for-sale securities	699	(356)
Tax expense (benefit)	146	(78)
Other comprehensive income (loss)	553	(278)
Comprehensive income	$ 1,693	$ 438

See Notes to Consolidated Financial Statements

Community Investors Bancorp, Inc.
Consolidated Statements of Stockholders' Equity
Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
Balance, July 1, 2022	$ 15	$ 5,299	$ 20,800	$ (1,942)	$ (7,457)	$ 16,715
Net income	-	-	716	-	-	716
Other comprehensive loss	-	-	-	(278)	-	(278)
Purchase of 1,050 shares of treasury stock		-	-	-	(17)	(17)
Dividends on common stock, $0.40 per share	-	-	(316)	-	-	(316)
Balance, June 30, 2023	15	5,299	21,200	(2,220)	(7,474)	16,820
Cumulative change for adoption of ASC 326 (see Note 1)	-	-	(508)	-	-	(508)
Balance, July 1 , 2023	15	5,299	20,692	(2,220)	(7,474)	16,312
Net income	-	-	1,140	-	-	1,140
Other comprehensive income	-	-	-	553	-	553
Dividends on common stock, $0.40 per share	-	-	(303)	-	-	(303)
Balance, June 30, 2024	$ 15	$ 5,299	$ 21,529	$ (1,667)	$ (7,474)	$ 17,702

See Notes to Consolidated Financial Statements

Community Investors Bancorp, Inc.
Consolidated Statements of Cash Flows
Years Ended June 30, 2024 and 2023
(Dollars in Thousands)

	2024	2023
Operating Activities		
Net income	$ 1,140	$ 716
Items not requiring (providing) cash		
Depreciation and amortization	345	396
Provision for credit losses	44	150
Amortization of premiums and discounts on securities	107	162
Amortization of intangible asset	5	5
Deferred income taxes	68	(145)
Increase in cash surrender value of bank-owned life insurance	(143)	(81)
Changes in		
Loans held for sale	(80)	(353)
Interest receivable	(529)	(293)
Other assets	(326)	(93)
Interest payable and other liabilities	73	879
Net cash provided by operating activities	703	1,343
Investing Activities		
Net change in interest-bearing time deposits	-	494
Proceeds from calls, maturities, and paydowns of available-for-sale securities	5,231	658
Net change in loans	(40,939)	(41,676)
Purchase of bank-owned life insurance	(440)	-
Purchase of premises and equipment	(124)	(187)
Purchase of FHLB stock	(1,075)	(943)
Net cash used in investing activities	(37,347)	(41,654)
Financing Activities		
Net increase in deposit accounts	22,202	18,717
Proceeds from Federal Home Loan Bank advances	45,500	32,500
Repayment of Federal Home Loan Bank advances	(31,400)	(16,472)
Repayment of PPLF	-	(20)
Proceeds from other borrowings	2,500	2,500
Repayment of other borrowings	(91)	(87)
Purchase of treasury stock	-	(17)
Dividends paid on common stock	(303)	(316)
Net change in advances from borrowers for taxes and insurance	6	167
Net cash provided by financing activities	38,414	36,972
Increase (Decrease) in Cash and Cash Equivalents	1,769	(3,339)
Cash and Cash Equivalents, Beginning of Year	6,353	9,692
Cash and Cash Equivalents, End of Year	$ 8,122	$ 6,353
Supplemental Cash Flows Information		
Interest paid	$ 7,138	$ 2,922
Income taxes paid	429	80

See Notes to Consolidated Financial Statements

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Community Investors Bancorp, Inc. (Company) is a thrift holding company whose principal activity is the ownership and management of its wholly-owned subsidiary, First Federal Community Bank of Bucyrus (Bank). The Bank is primarily engaged in providing a full range of banking and financial services to individual and corporate customers in northern Ohio. The Bank faces competition from other financial institutions and is subject to the regulation of certain federal and state agencies and undergoes periodic examinations by those regulatory authorities.

Principles of Consolidation

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

Use of Estimates

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

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for credit losses, valuation of real estate acquired in connection with foreclosures, or in satisfaction of loans. In connection with the determination of the allowance for credit losses and the valuation of foreclosed assets held for sale, management obtains independent appraisals for significant properties.

Cash Equivalents

The Company considers all liquid investments with original maturities of three months or less to be cash equivalents.

From time to time, the Company's cash accounts may exceed the FDIC's insured limit of $250,000. Management considers the risk of loss to be low.

Interest-Bearing Time Deposits

Interest-bearing time deposits in banks mature within one year and are carried at cost.

Debt Securities

Debt securities held by the Company generally are classified and recorded in the consolidated financial statements as follows:

Classified as	Description	Recorded at
Available for sale (AFS)	Securities not classified as HTM or trading	Fair value, with unrealized gains and losses (for which no allowance for credit losses are recorded) excluded from earnings and reported in other comprehensive income (loss)
Held to maturity (HTM)	Certain debt securities that management has the positive intent and ability to hold to maturity	Amortized cost, net of allowance for credit losses
Trading	Securities that are bought and held principally for the purpose of selling in the near term and therefore, held for only a short period of time	Fair value, with changes in fair value included in earnings

Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

When the fair value of securities is below the amortized cost and the Company will not be required to sell the security before recovery of its amortized cost basis, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. If the present value of cash flows expected to be collected from the security are less than the amortized costs basis of the security, an allowance for credit losses is recorded for the credit loss, limited to 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 (loss):

	Accounting Treatment	
Circumstances of Impairment Considerations	**Credit Component**	**Remaining Portion**
Not intended for sale and more likely than not that the Company will not have to sell before recovery of cost basis	Recognized as an allowance for credit loss	Recognized in other comprehensive income
Intended for sale or more likely than not that the Company will be required to sell before recovery of cost basis	Recognized in earnings	

Allowance for Credit Losses – Available-for-Sale Securities

For available-for-sale securities in an unrealized loss position, the Company first assess whether (i) there is intention to sell or (ii) it is more likely than not that the Company will be required to sell the security before recovery of its amortized cost basis. If either case is affirmative, any previously recognized allowances are charged off and the security's amortized cost is written down to fair value through income. If neither case is affirmative, the security is evaluated to determine whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management 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 any 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 collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income (loss). Adjustments to the allowance are reported in our income statement as a component of credit loss expense. The Company excludes accrued interest receivable on available-for-sale securities from the estimate of credit losses. Available-for-sale securities are charged off against the allowance or, in the absence of any allowance, written down through income when deemed uncollectible by management or when either of the aforementioned criteria regarding intent or requirement to sell is met.

Prior to the adoption of ASU 2016-13, declines in the fair value of held-to-maturity and available-for-sale securities below their cost that were deemed to be other than temporary were reflected in earnings as realized losses. In estimating other-than-temporary impairment losses prior to July 1, 2023, the Company considered, among other things, (i) the length of time and the extent to which the fair value had been less than cost, (ii) the financial condition and near-term prospects of the issuer and (iii) the intent and our ability to retain our investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

Loans Held for Sale

Mortgage loans originated and intended for sale in the secondary market are carried at the lower of cost or fair value in the aggregate. Net unrealized losses, if any, are recognized through a valuation allowance by charges to noninterest income. Gains and losses on loan sales are recorded in noninterest income and direct loan origination costs and fees are deferred at origination of the loan and are recognized in noninterest income upon sale of the loan.

Loans

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

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

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

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

Allowance for Credit Losses - Loans

The allowance for credit losses is established as losses are estimated to have occurred through a provision for credit losses charged to income. Credit losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for credit losses is evaluated on a regular basis by management.

Groups of loans with similar risk characteristics are collectively evaluated. Loans that do not share risk characteristics are evaluated on an individual basis. Loans with similar risk characteristics are grouped into homogenous segments, or pools, for analysis.

The Company has implemented third party software and utilizes the cash flow methodology without the present value component for all loan segments. The reserve determined by the cash flow analysis is the sum of expected losses. No discounting is performed in the reserve calculation. Expected losses are calculated via a gross loss rate and recovery rate assumption, and unemployment has been utilized as the single loss driver in the ACL calculation. Loss rates are based on a selected peer group. The peer group utilizes banks with a similar geography and asset size to the Company. Inputs into the ACL calculation include estimates for prepayment and curtailment rates for on balance sheet exposures. The modeling of expected prepayment speeds and curtailment rates are based on the Company’s data and derived from the third party software database.

The Company’s expected credit loss model considers historical credit loss experience, peer data, current market and economic conditions, and forecasted changed in market and economic conditions if such forecasts are considered reasonable and supportable. The Company has elected to forecast the first four quarters of the credit loss estimate and revert to a long-run average of each considered economic factor as permitted in ASC 326-20-30-9.

The Company qualitatively adjusts model results for risk factors that are not considered within the modeling processes but are nonetheless relevant in assessing the expected credit losses within the loan pools. These qualitative factors and other qualitative adjustments may increase or decrease the Company’s estimate of expected credit losses by a calculated percentage or amount based upon the estimated level of risk. The various risks that may be considered in making qualitative adjustments include, among other things, the impact of:

(i) Changes in lending policies and procedures, including changes in underwriting standards and practices for collections, write-offs, and recoveries

(ii) Actual and expected changes in international, national, regional, and local economic and business conditions and developments that affect the collectibility of the loan pools

(iii) Changes in the nature and volume of the loan pools and in the terms of the underlying loans

(iv) Changes in the experience, ability, and depth of our lending management and staff

(v) Changes in volume and severity of past due financial assets, the volume of non-accrual assets, and the volume and severity of adversely classified or graded assets

(vi) Changes in the quality of our credit review function

(vii) Changes in the value of the underlying collateral for loans that are non-collateral dependent

(viii) The existence, growth, and effect of any concentrations of credit

(ix) Other factors such as the regulatory, legal and technological environments; competition; and events such as natural disasters or health pandemics

For those loans that are individually evaluated, an allowance is established when the collateral value of the loan is lower than the carrying value of that loan. The general component covers nonclassified loans and is estimated using relevant available information from internal and external sources, related 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 and are applied as a qualitative factor.

Loans that do not share common risk characteristics are evaluated on an individual basis. Loans evaluated individually are also not included in the collective evaluation. When management determines that foreclosure is probable 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 report date, adjusted for selling costs as appropriate.

Allowance for Credit Losses – Off-Balance-Sheet Credit Exposures

The allowance for credit losses on off-balance-sheet credit exposures is a liability account, representing expected credit losses over the contractual period for which the Company is exposed to credit risk resulting from a contractual obligation to extend credit. No allowance is recognized if the Company has the unconditional right to cancel the obligation. The allowance is reported as a component of accrued interest payable and other liabilities in the consolidated balance sheets. Adjustments to the allowance are reported in the consolidated income statement as a component of credit loss expense. The allowance for credit losses on off-balance-sheet credit exposures is described more fully in Note 3.

Premises and Equipment

Depreciable assets are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are capitalized and depreciated using the straight-line method over the terms of the respective leases or the estimated lives of the improvements, whichever is shorter. Maintenance and repairs are charged to expense when incurred; major improvements are capitalized.

Federal Home Loan Bank Stock

Federal Home Loan Bank stock is a required investment for institutions that are members of the Federal Home Loan Bank system. The required investment in the common stock is based on a predetermined formula, carried at cost and evaluated for impairment. Both cash and stock dividends are reported as income.

Bank-Owned Life Insurance

The Company has purchased life insurance on certain employees. Bank-owned life insurance is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement.

Foreclosed Assets Held for Sale

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

At June 30, 2024 and 2023, there were $42,677 and $0, respectively foreclosed residential real estate properties recorded as a result of obtaining physical possession of the property.

At June 30, 2024 and 2023, the recorded investment of consumer mortgage loans secured by residential real estate properties for which formal foreclosure proceeds are in process was $0.

Mortgage Servicing Rights

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

Fair value is based on market prices for comparable mortgage servicing contracts, when available, or alternatively, is based on a valuation model that calculates the present value of estimated future net servicing income. The valuation model incorporates assumptions that market participants would use in estimating future net servicing income, such as the cost to service, the discount rate, the custodial earnings rate, an inflation rate, ancillary income, prepayment speeds, and default rates and losses. These variables change from quarter to quarter as market conditions and projected interest rates change and may have an adverse impact on the value of the mortgage servicing rights and may result in a reduction to noninterest income.

Each class of separately recognized servicing assets subsequently measured using the amortization method are evaluated and measured for impairment. Impairment is determined by stratifying rights into tranches based on predominant characteristics, such as interest rate, loan type and investor type. Impairment is recognized through a valuation allowance for an individual tranche, to the extent that fair value is less than the carrying amount of the servicing assets for that tranche. The valuation allowance is adjusted to reflect changes in the measurement of impairment after the initial measurement of impairment. Fair value in excess of the carrying amount of servicing assets for that stratum is not recognized.

Servicing fee income is recorded for fees earned for servicing loans. The fees are based on a contractual percentage of the outstanding principal or a fixed amount per loan and are recorded as income when earned. The amortization of mortgage servicing rights is netted against loan servicing fee income.

Goodwill

Goodwill is evaluated annually for impairment or more frequently if impairment indicators are present. The Company elected the accounting alternative for evaluating goodwill impairment triggering events and performs a goodwill impairment triggering event evaluation only as of the end of each reporting period. A qualitative assessment is performed to determine whether the existence of events or circumstances leads to a determination that it is more likely than not the fair value of a reporting unit is less than the carrying amount, including goodwill.

If, based on the evaluation, it is determined to be more likely than not that the fair value of a reporting unit is less than the carrying value, then goodwill is tested further for impairment. The quantitative impairment test consists of calculating the fair value of a reporting unit and comparing it to the carrying amount, including goodwill. The goodwill impairment loss, if any, is measured as the amount by which the carrying amount of a reporting unit, including goodwill, exceeds its fair value. Subsequent increases in goodwill value are not recognized in the consolidated financial statements.

Intangible Assets

Intangible assets with finite lives are being amortized on the straight-line basis over a period of seven years. Such assets are periodically evaluated as to the recoverability of carrying values.

Treasury Stock

Common stock shares repurchased are recorded at cost. Cost is determined by the weighted average cost method.

Revenue Recognition

The Company applies *Revenue from Contracts with Customers* (Topic 606) to some of its revenue. The majority of the Company's revenues come from interest income and other sources, including loans, leases and securities that are outside the scope of Topic 606. The Company's services that fall within the scope of Topic 606 are presented within noninterest income in the accompanying consolidated statements of income and are recognized as revenue as the Company satisfies its obligation to the customer.

Revenue-generating activities that are within the scope of ASC 606 and that are presented as noninterest income in the Company's consolidated statements of income include:

Service charges and fees on deposit accounts - these include general service fees charged for deposit account maintenance and activity and transaction-based fees charged for certain services, such as debit card, wire transfer, or overdraft activities. Revenue is recognized when the performance obligation is completed, which is generally after a transaction is completed or monthly for account maintenance services.

Income Taxes

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

Tax positions are recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more likely than not means a likelihood of more than 50%; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances and information available at the reporting date and is subject to management's judgment.

If necessary, the Company recognizes interest and penalties on income taxes as a component of income tax expense.

The Company files consolidated income tax returns with its subsidiary. With a few exceptions, the Company is no longer subject to examination by tax authorities for years before 2021. As of June 30, 2024, the Company had no material uncertain income tax positions.

Earnings Per Share

Basic earnings per share represents income available to common stockholders divided by the weighted-average number of common shares outstanding during each period. Diluted earnings per share reflects additional potential common shares that would have been outstanding if dilutive potential common shares had been issued, as well as any adjustment to income that would result from the assumed issuance. Treasury stock shares are not deemed outstanding for earnings per share calculations.

Comprehensive Income

Comprehensive income consists of net income and other comprehensive income (loss), net of applicable income taxes. Other comprehensive income (loss) includes unrealized appreciation (depreciation) on available-for-sale securities. All of the accumulated other comprehensive income (loss) recorded on the consolidated balance sheets relates to accumulated unrealized appreciation (depreciation) of available-for-sale securities.

Advertising

Advertising costs are expensed as incurred.

Adoption of New Accounting Standards

On July 1, 2023, the Company adopted ASU 2016-13: *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The Company adopted ASC 326 using a modified retrospective method for all financial instruments measured at amortized cost and off-balance-sheet credit exposures. Reporting periods beginning after July 1, 2023 are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP. The Company recorded a $508,000 impact to retained earnings as of July 1, 2023 for the cumulative effect of adopting ASC 326.

(Table Dollars in Thousands, Except Per Share Amounts)

The following table describes the impact of ASC 326 on the adoption date:

	July 1, 2023		
	As Reported Under ASC 326	**Pre-ASC 326 Adoption**	**Impact of ASC 326 Adoption**
Assets			
Residential real estate	$ 1,409	$ 823	$ 586
Nonresidential real estate	155	218	(63)
Commercial	535	600	(65)
Consumer and other	115	149	(34)
Total allowance for credit losses on loans	$ 2,214	$ 1,790	$ 424
Liabilites			
Allowance for credit losses on off balance sheet credit exposures	$ 106	$ -	$ 106
Equity			
Total pre-tax impact			$ 530
Tax effect			(22)
Decrease to retained earnings			$ 508

(Table Dollars in Thousands, Except Per Share Amounts)

Note 2. Debt Securities

The amortized cost and approximate fair values, together with gross unrealized gains and losses of securities are as follows:

	Amortized Cost	Unrealized Gains	Unrealized Losses	Appriximate Fair Value
Available-for-Sale Securities				
June 30, 2024				
U.S. Government agencies	$ 16,365	$ -	$ 1,228	$ 15,137
U.S. Government agency mortgage-backed securities	3,963	-	572	3,391
U.S. Government agency collateralized-mortgage securities	229	-	12	217
State and political subdivisions	4,745	-	299	4,446
	$ 25,302	$ -	$ 2,111	$ 23,191
June 30, 2023				
U.S. Government agencies	$ 20,396	$ -	$ 1,753	$ 18,643
U.S. Government agency mortgage-backed securities	4,448	-	623	3,825
U.S. Government agency collateralized-mortgage securities	308	-	18	290
State and political subdivisions	5,488	-	416	5,072
	$ 30,640	$ -	$ 2,810	$ 27,830

The amortized cost and fair value of available-for-sale securities at June 30, 2024, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties:

	Available-for-Sale	
	Amortized Cost	Fair Value
Within one year	$ 3,480	$ 3,424
One to five years	17,190	15,788
Five to ten years	440	371
After ten years	-	-
	21,110	19,583
U.S. Government agency mortgage-backed securities	3,963	3,391
U.S. Government agency collateralized-mortage securities	229	217
Totals	$ 25,302	$ 23,191

(Table Dollars in Thousands, Except Per Share Amounts)

The carrying value of securities pledged as collateral, to secure public deposits, and for other purposes, was $9,661,000 and $17,187,000 at June 30, 2024 and 2023, respectively.

There were no debt securities sold during the years ended June 30, 2024 and 2023.

Certain investments in debt securities are reported in the financial statements at an amount less than their historical cost. Total fair value of these investments at June 30, 2024 and 2023, was $23,191,000 and $27,830,000, which is approximately 100% and 100%, respectively, of the fair value of the Company's total investment portfolio. These declines primarily resulted from changes in market interest rates.

Based on evaluation of available evidence, including recent changes in market interest rates and information obtained from regulatory filings, management believes the declines in fair value for these securities are temporary.

Should the impairment of any of these securities become other than temporary, the cost basis of the investment will be reduced and the resulting loss recognized in net income in the period the other-than-temporary impairment is identified.

The following tables show the Company's investments' gross unrealized losses and fair value of the Company's investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment class and length of time that individual securities have been in a continuous unrealized loss position at June 30, 2024 and 2023:

	June 30, 2024					
	Less than 12 Months		12 Months or More		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Government agencies	$ -	$ -	$ 15,137	$ 1,228	$ 15,137	$ 1,228
U.S. Government agency mortgage-backed securities	-	-	3,391	572	3,391	572
U.S. Government agency collateralized-mortgage securities	-	-	217	12	217	12
State and political subdivisions	-	-	4,446	299	4,446	299
Total temporarily impaired securities	$ -	$ -	$ 23,191	$ 2,111	$ 23,191	$ 2,111

	June 30, 2023					
	Less than 12 Months		12 Months or More		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Government agencies	$ -	$ -	$ 18,643	$ 1,753	$ 18,643	$ 1,753
U.S. Government agency mortgage-backed securities	7	-	3,818	623	3,825	623
U.S. Government agency collateralized-mortgage securities	-	-	290	18	290	18
State and political subdivisions	-	-	5,072	416	5,072	416
Total temporarily impaired securities	$ 7	$ -	$ 27,823	$ 2,810	$ 27,830	$ 2,810

U.S. Government Agencies

The unrealized losses on the Company's investments in direct obligations of U.S. Government agencies were caused by interest rate increases. The contractual terms of those investments do not permit the issuer to settle the securities at a price less than the amortized cost basis of the investments. Because the Company does not intend to sell the investments and it is not more likely than not the Company will be required to sell the investments before recovery of its amortized cost basis, which may be maturity, the Company has not recorded an allowance for credit losses at June 30, 2024.

U.S. Government Agency Mortgage-Backed Securities

The unrealized losses on the Company's investment in residential mortgage-backed securities were caused by changes in interest rates and illiquidity. The Company expects to recover the amortized cost basis over the term of the securities. Because the decline in market value is attributable to change in interest rates and illiquidity, and not credit quality, and because the Company does not intend to sell the investments and it is not more likely than not the Company will be required to sell the investments before recovery of their amortized cost basis, which may be maturity, the Company has not recorded an allowance for credit losses at June 30, 2024.

U.S. Government Agency Collateralized-Mortgage Securities

The unrealized losses on the Company's investment in collateralized-mortgage securities were caused by changes in interest rates and illiquidity. The Company expects to recover the amortized cost basis over the term of the securities. Because the decline in market value is attributable to change in interest rates and illiquidity, and not credit quality, and because the Company does not intend to sell the investments and it is not more likely than not the Company will be required to sell the investments before recovery of their amortized cost basis, which may be maturity, the Company has not recorded an allowance for credit losses at June 30, 2024.

State and Political Subdivisions

The unrealized losses on the Company's investments in securities of state and political subdivisions were caused by changes in interest rates and illiquidity. The contractual terms of those investments do not permit the issuer to settle the securities at a price less than the amortized cost basis of the investments. Because the Company does not intend to sell the investments and it is not more likely than not the Company will be required to sell the investments before recovery of their amortized cost basis, which may be maturity, the Company has note recorded an allowance for credit losses at June 30, 2024.

(Table Dollars in Thousands, Except Per Share Amounts)

Note 3. Loans and Allowance for Credit Losses

Categories of loans at June 30 include:

	2024	2023
Residential real estate	$ 168,167	$ 121,756
Nonresidential real estate	17,618	12,520
Commercial	60,860	71,617
Consumer and other	11,283	11,168
Total loans	257,928	217,061
Less		
Allowance for credit losses	2,270	1,790
Net loans	$ 255,658	$ 215,271

The following tables present the activity in the allowance for credit losses based on portfolio segment as of June 30, 2024 and 2023:

	June 30, 2024				
	Residential Real Estate	Non-Residential Real Estate	Commercial	Consumer	Total
Allowance for Credit Losses					
Balance, July 1, 2023 prior to adoption of ASC 326	$ 823	$ 218	$ 600	$ 149	$ 1,790
Impact of adoption of ASC 326	586	(63)	(65)	(34)	424
Adjusted balance after adopting ASC 326	1,409	155	535	115	$ 2,214
Provision for credit losses	350	25	83	(408)	50
Charge-offs	-	-	(11)	(253)	(264)
Recoveries	42	3	21	204	270
Balance, June 30, 2024	$ 1,801	$ 183	$ 628	$ (342)	$ 2,270

	June 30, 2023				
	Residential Real Estate	Non-Residential Real Estate	Commercial	Consumer	Total
Allowance for Credit Losses					
Balance, July 1, 2022	$ 713	$ 236	$ 588	$ 124	$ 1,661
Provision for credit losses	128	(21)	14	29	150
Charge-offs	(67)	-	(39)	(4)	(110)
Recoveries	49	3	37	-	89
Balance, June 30, 2023	$ 823	$ 218	$ 600	$ 149	$ 1,790

(Table Dollars in Thousands, Except Per Share Amounts)

	June 30, 2024				
	Residential Real Estate	Non-Residential Real Estate	Commercial	Consumer	Total
Allowance for Credit Losses					
Ending balance, individually evaluated for impairment	$ -	$ -	$ 14	$ -	$ 14
Ending balance, collectively evaluated for impairment	$ 1,801	$ 183	$ 614	$ (342)	$ 2,256
Loans					
Ending balance	$ 168,167	$ 17,618	$ 60,860	$ 11,283	$ 257,928
Ending balance, individually evaluated for impairment	$ 473	$ 3,342	$ 804	$ 59	$ 4,678
Ending balance, collectively evaluated for impairment	$ 167,694	$ 14,276	$ 60,056	$ 11,224	$ 253,250

	June 30, 2023				
	Residential Real Estate	Non-Residential Real Estate	Commercial	Consumer	Total
Allowance for Credit Losses					
Ending balance, individually evaluated for impairment	$ 70	$ -	$ 217	$ -	$ 287
Ending balance, collectively evaluated for impairment	$ 753	$ 218	$ 383	$ 149	$ 1,503
Loans					
Ending balance	$ 121,756	$ 12,520	$ 71,617	$ 11,168	$ 217,061
Ending balance, individually evaluated for impairment	$ 2,357	$ -	$ 1,194	$ 25	$ 3,576
Ending balance, collectively evaluated for impairment	$ 119,399	$ 12,520	$ 70,423	$ 11,143	$ 213,485

(Table Dollars in Thousands, Except Per Share Amounts)

Changes in the allowance for credit losses for off-balance sheet credit exposures for the year ended June 30, 2024 were as follows:

	June 30, 2024				
	Residential Real Estate	Non-Residential Real Estate	Commercial	Consumer	Total
Allowance for Credit Losses for Off-Balance Sheet Credit Exposures					
Balance, July 1, 2023 prior to adoption of ASC 326	$ -	$ -	$ -	$ -	$ -
Impact of adoption of ASC 326	43	5	36	22	106
Adjusted balance after adopting ASC 326	43	5	36	22	$ 106
Provision for credit losses	(2)	(2)	(9)	7	(6)
Charge-offs	-	-	-	-	-
Recoveries	-	-	-	-	-
Balance, June 30, 2024	$ 41	$ 3	$ 27	$ 29	$ 100

The Bank has adopted a standard loan grading system for all loans.

Definitions:

Pass: Loans that do not exhibit the characteristics of the other three categories will be passed over and thereby classified as "Pass." These are loans that are performing as planned and show no material evidence of diminished value or added risk. The borrower is in compliance with loan covenants. All term loans are paying as agreed. It is the intention of management to avoid the adverse classification of good assets by defaulting to this category in the absence of evidence to the contrary.

Special Mention: Loans that do not currently expose the Company to a sufficient degree of risk to warrant classification under this policy but do possess credit deficiencies or potential weaknesses deserving management's close attention shall be designated Special Mention. These loans have a potential weakness or pose an unwarranted financial risk that, if not corrected, could weaken the loan and increase risk in the future.

Substandard: Loans classified Substandard are inadequately protected by current net worth and paying capacity of the obligor or of the collateral pledged. Loans so classified must have a well-defined weakness or weaknesses. They are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected. The possibility that liquidation would not be timely requires a substandard classification even if there is little likelihood of a loss.

Doubtful: Loans classified Doubtful have all the weaknesses inherent in those classified Substandard with the added characteristic that the weaknesses make collection in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

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

Residential Real Estate and Consumer

Residential real estate and consumer loans consist of two segments - residential mortgage loans and personal loans. For residential mortgage loans that are secured by 1-4 family residences and are generally owner-occupied, the Company generally establishes a maximum loan-to-value ratio and requires private mortgage insurance if that ratio is exceeded. Home equity loans are typically secured by a subordinate interest in 1-4 family residences, and consumer personal loans are secured by consumer personal assets, such as automobiles or recreational vehicles. Some consumer personal loans are unsecured, such as small installment loans and certain lines of credit. Repayment of these loans is primarily dependent on the personal income of the borrowers, which can be impacted by economic conditions in their market areas, such as unemployment levels. Repayment can also be impacted by changes in property values on residential properties. Risk is mitigated by the fact that the loans are of smaller individual amounts and spread over a large number of borrowers.

Non-Residential Real Estate

Non-residential real estate loans are viewed primarily as cash flow loans and secondarily as loans secured by real estate. Non-residential real estate lending typically involves higher loan principal amounts and the repayment of these loans is generally dependent on the successful operation of the property securing the loan or the business conducted on the property securing the loan. Non-residential real estate loans may be more adversely affected by conditions in the real estate markets or in the general economy. The characteristics of properties securing the Company’s non-residential portfolio are diverse, but with geographic location almost entirely in the Company’s market area. Management monitors and evaluates commercial real estate loans based on collateral, geography and risk grade criteria. In general, the Company avoids financing single purpose projects unless other underwriting factors are present to help mitigate risk. In addition, management tracks the level of owner-occupied non-residential estate versus non owner-occupied loans.

Commercial

Commercial loans are primarily based on the identified cash flows of the borrower and secondarily on the underlying collateral provided by the borrower. The cash flows of borrowers, however, may not be as expected and the collateral securing these loans may fluctuate in value. Most commercial loans are secured by the assets being financed or other business assets, such as accounts receivable or inventory, and may include a personal guarantee. Short-term loans may be made on an unsecured basis. In the case of loans secured by accounts receivable, the availability of funds for the repayment of these loans may be substantially dependent on the ability of the borrower to collect amounts due from its customers.

Consumer

The consumer loan portfolio consists of various term and line of credit loans such as automobile loans and loans for other personal purposes. Repayment for these types of loans will come from a borrower’s income sources that are typically independent of the loan purpose. Credit risk is driven by consumer economic factors (such as unemployment and general economic conditions in the Company’s market area) and the creditworthiness of a borrower.

The following tables present the credit risk profile of the Company’s loan portfolio based on rating category and payment activity as of June 30, 2024 and 2023:

(Table Dollars in Thousands, Except Per Share Amounts)

	June 30, 2024						
	2024	2023	2022	2021	2020	Before	Total
Residential real estate							
Pass	$ 50,744	$ 40,233	$ 33,556	$ 13,477	$ 6,789	$ 23,368	$ 168,167
Special mention	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-
Total	$ 50,744	$ 40,233	$ 33,556	$ 13,477	$ 6,789	$ 23,368	$ 168,167
Gross Charge-Offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Nonresidential real estate							
Pass	$ 1,926	$ 4,822	$ 3,138	$ 4,102	$ 50	$ 1,273	$ 15,311
Special mention	-	-	-	-	-	-	-
Substandard	-	703	864	82	-	658	2,307
Doubtful	-	-	-	-	-	-	-
Total	$ 1,926	$ 5,525	$ 4,002	$ 4,184	$ 50	$ 1,931	$ 17,618
Gross Charge-Offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commercial							
Pass	$ 18,161	$ 14,697	$ 7,284	$ 10,374	$ 3,619	$ 5,792	$ 59,927
Special mention	-	-	-	-	-	-	-
Substandard	-	158	300	460	-	15	933
Doubtful	-	-	-	-	-	-	-
Total	$ 18,161	$ 14,855	$ 7,584	$ 10,834	$ 3,619	$ 5,807	$ 60,860
Gross Charge-Offs	$ -	$ -	$ -	$ -	$ -	$ 11	$ 11
Consumer and other							
Pass	$ 4,032	$ 3,392	$ 2,007	$ 454	$ 188	$ 1,065	$ 11,138
Special mention	-	-	-	-	-	-	-
Substandard	-	29	103	5	-	8	145
Doubtful	-	-	-	-	-	-	-
Total	$ 4,032	$ 3,421	$ 2,110	$ 459	$ 188	$ 1,073	$ 11,283
Gross Charge-Offs	$ -	$ 109	$ -	$ 104	$ -	$ 40	$ 253

	June 30, 2023				
	Residential Real Estate	Non-Residential Real Estate	Commercial	Consumer	Total
Pass	$ 119,400	$ 12,520	$ 70,100	$ 11,143	$ 213,163
Special mention	-	-	323	-	323
Substandard	2,356	-	1,194	25	3,575
Doubtful	-	-	-	-	-
Total	$ 121,756	$ 12,520	$ 71,617	$ 11,168	$ 217,061

(Table Dollars in Thousands, Except Per Share Amounts)

The following tables present the Company's loan portfolio aging analysis as of June 30, 2024 and 2023:

	June 30, 2024						
	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans Receivable	Total Loans >90 Days and Accruing
Residential real estate	$ -	$ -	$ 931	$ 931	$ 167,236	$ 168,167	$ -
Non-residential real estate	-	-	-	-	17,618	17,618	-
Commercial	724	445	741	1,910	58,950	60,860	-
Consumer	8	5	46	59	11,224	11,283	-
Total	$ 732	$ 450	$ 1,718	$ 2,900	$ 255,028	$ 257,928	$ -

	June 30, 2023						
	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans Receivable	Total Loans >90 Days and Accruing
Residential real estate	$ -	$ -	$ 1,043	$ 1,043	$ 120,713	$ 121,756	$ 961
Non-residential real estate	-	-	-	-	12,520	12,520	-
Commercial	181	-	810	991	70,626	71,617	-
Consumer	14	-	12	26	11,142	11,168	-
Total	$ 195	$ -	$ 1,865	$ 2,060	$ 215,001	$ 217,061	$ 961

(Table Dollars in Thousands, Except Per Share Amounts)

Subsequent to adoption of ASU 326, new vintage disclosures were required along with evaluation of loan collateral dependency. The following table presents the amortized cost basis of collateral dependent loans, by the primary type of collateral type, which are individually evaluated to determined expected credit losses, and related ACL allocation to these loans as of June 30, 2024:

	June 30, 2024	
	Real Estate	ACL Allocation
Residential real estate	$ 473	$ -
Non-residential real estate	3,342	-
Commercial	804	15
Consumer	59	-
Total	$ 4,678	$ 15

Prior to adoption of ASC 326, a loan was considered impaired, in accordance with the impairment accounting guidance (ASC 310-10-35-16), when based on current information and events, it is probable the Company will be unable to collect all amounts due from the borrower in accordance with the contractual terms of the loan. Impaired loans include nonperforming commercial loans but also include loans modified in accordance with ASC 310-20-5.

The following table presents impaired loans at and for the year ended June 30, 2023:

	June 30, 2023				
	Recorded Balance	Unpaid Principal Balance	Specific Allowance	Average Balance of Impaired Loans	Interest Income Recognized
Loans without a specific valuation allowance					
Residential real estate	$ 1,757	$ 1,757	$ -	$ 1,376	$ 20
Non-residential real estate	-	-	-	-	-
Commercial	957	957	-	609	1
Consumer	25	25	-	19	-
Loans with a specific valuation allowance					
Residential real estate	600	600	70	617	2
Non-residential real estate	-	-	-	-	-
Commercial	237	237	217	242	47
Total	$ 3,576	$ 3,576	$ 287	$ 2,863	$ 70

Interest income recognized is not materially different than interest income that would have been recognized on a cash basis.

(Table Dollars in Thousands, Except Per Share Amounts)

The following table presents the Company's nonaccrual loans at June 30, 2024 and 2023:

	2024			2023		
	Nonaccrual with No ACL	Nonaccrual	Loans Past Due 90 Days or More Still Accruing	Nonaccrual	ACL Reserve on Nonaccrual Loans	Loans Past Due 90 Days or More Still Accruing
Residential real estate	$ 1,344	$ -	$ -	$ 82	$ -	$ -
Non-residential real estate	-	-	-	-	-	-
Commercial	647	-	-	815	-	-
Consumer	66	-	-	12	-	-
Total	$ 2,057	$ -	$ -	$ 909	$ -	$ -

At June 30, 2024 and 2023, the Company had no new loans modified to borrowers experiencing financial difficulty.

The Company had no modifications to borrowers with financial difficulty modified in the past 12 months that subsequently defaulted.

Note 4. Loan Sales and Loan Servicing

Mortgage loans serviced for the Federal Home Loan Bank of Cincinnati (FHLB) are not included in the accompanying balance sheets. The unpaid principal balances of mortgage loans serviced for the FHLB were $84,974,000 and $75,107,000 at June 30, 2024 and 2023, respectively.

The following summarizes the activity pertaining to mortgage servicing rights measured using the amortization method at as of June 30, 2024 and 2023:

	2024	2023
Mortgage servicing rights		
Balance, beginning of year	$ 901	$ 1,003
Additions	180	63
Amortization	(209)	(165)
Balance, end of year	$ 872	$ 901
Fair value, beginning of year	$ 1,345	$ 999
Fair value, end of year	1,494	1,345

(Table Dollars in Thousands, Except Per Share Amounts)

The loans serviced for others result from loan sales transactions with the FHLB that provide for establishment of a Lender Risk Account (LRA), which represents a recourse obligation for absorbing potential losses on loans sold and an asset to the Company. The funds withheld to settle recourse obligations totaled $2,168,000 and $1,978,000 at June 30, 2024 and 2023, respectively; however, these receivables are recorded at their fair value at the time of the establishment of the LRA. In the event that the estimated losses are not realized within the portfolio, the LRA agreements provide for repayment of these funds to the Company in seven annual installments beginning five years after the sale date or in 26 annual installments beginning five years after the sale date. The carrying value of the LRA is equal to the initial fair value plus an interest component less any cash receipts, which totaled $1,552,000 and $1,369,000 at June 30, 2024 and 2023, respectively. The LRA balance is included in other assets on the consolidated balance sheets.

Note 5. Premises and Equipment

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

	2024	2023
Land	$ 1,979	$ 1,979
Buildings and improvements	5,459	5,346
Equipment	3,344	3,334
	10,782	10,659
Less accumulated depreciation	5,420	5,079
Construction in progress	-	3
Net premises and equipment	$ 5,362	$ 5,583

Note 6. Goodwill

The changes in the carrying amount of goodwill for the year ended June 30, 2024 and 2023 was:

	2024	2023
Balance as of July 1	$ 400,000	$ 400,000
Goodwill acquired during the year	-	-
Balance as of June 30	$ 400,000	$ 400,000

On October 21, 2021, the Company acquired Lighthouse Commercial Mortgage, a mortgage broker in Columbus, Ohio for $450,000. The acquisition of Lighthouse resulted in the acquisition of $10,000 in tangible assets, as well as $40,000 in intangible assets, and generated goodwill of $400,000. The intangible asset recognized is being amortized over a seven-year period and resulted in amortization expense during the year of approximately $4,000. This acquisition allows the Bank to enter a new market and look at more efficient methods of increasing non-interest income and is not expected to have a material impact on the operations of the Company.

(Table Dollars in Thousands, Except Per Share Amounts)

Note 7. Time Deposits

Time deposits in denominations of $250,000 or more were $61,451,000 and $11,449,000 at June 30, 2024 and 2023, respectively.

At June 30, 2024, the scheduled maturities of time deposits are as follows:

2025	$ 80,756
2026	15,785
2027	6,196
2028	226
2029	1,427
	$ 104,390

Note 8. Borrowings

Federal Home Loan Bank advances are secured by certain, qualifying mortgage loans with a carrying amount of $156,966,000 and the Company's investment in Federal Home Loan Bank stock June 30, 2024. Advances, at interest rates ranging from 1.37% to 5.50%, are subject to restrictions or penalties in the event of prepayment.

Aggregate annual maturities of Federal Home Loan Bank advances at June 30, 2024, are as follows:

2025	$ 13,170
2026	23,188
2027	11,111
2028	2,070
	$ 49,539

On January 20, 2023, the Company entered into a line of credit with the United Bankers Bank (UBB) in the amount of $7,000,000, which expires on January 3, 2025. The note has a variable interest rate (prime rate) which was 8.50% as of June 30, 2024. There was $2,500,000 outstanding on the line at June 30, 2024. The collateral on the promissory note is 100 shares of First Federal Savings and Loan Association stock.

On May 20, 2019, the Company entered into a line of credit with the United Bankers Bank (UBB) in the amount of $3,000,000, which expires on May 20, 2026 and has a fixed interest rate of 4.25%. There was $758,807 and $849,737 outstanding on the line at June 30, 2024 and 2023, respectively.

(Table Dollars in Thousands, Except Per Share Amounts)

Note 9. Income Taxes

The provision for income taxes includes these components:

	2024	2023
Taxes currently payable	$ 266	$ 254
Deferred income taxes	68	(145)
Income tax expense	$ 334	$ 109

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

	2024	2023
Computed at the statutory rate (21%)	$ 309	$ 173
Decrease resulting from		
Tax-exempt interest	(3)	(21)
Tax-exempt BOLI income	(17)	(17)
Other	45	(26)
Actual tax expense	$ 334	$ 109

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

	2024	2023
Deferred tax assets		
Allowance for loan losses	$ 495	$ 376
Nonaccrual loan interest	1	7
Unrealized losses on available-for-sale securities	444	590
Loans held for sale	26	17
Deferred loan fees	72	49
	1,038	1,039
Deferred tax liabilities		
Depreciation	(401)	(433)
Other cash basis items	(128)	(27)
Federal Home Loan Bank stock dividends	(274)	(274)
Mortgage servicing rights	(183)	(189)
Lender risk account	(326)	(288)
Other	(59)	(58)
	(1,371)	(1,269)
Net deferred tax liability	$ (333)	$ (230)

Retained earnings at June 30, 2024 and 2023, include approximately $0.9 million, for which no deferred federal income tax liability has been recognized. These amounts represent an allocation of income to bad debt deductions for tax purposes only. Reduction of amounts allocated for purposes other than tax bad debt losses or adjustments arising from carryback of net operating losses would create income for tax purposes only, which would be subject to the then-current corporate income tax rate. The deferred income tax liabilities on the preceding amounts that would have been recorded if they were expected to reverse into taxable income in the foreseeable future were approximately $185,000 at both June 30, 2024 and 2023.

Note 10. Regulatory Matters

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

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below). Management believes, as of June 30, 2024 and 2023, that the Bank meets all capital adequacy requirements to which it is subject.

As of June 30, 2024, the most recent notification from Office of the Comptroller of the Currency categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain minimum total risk-based capital, Tier I risk-based capital, Common Equity Tier I risk-based capital, and Tier I leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the Bank's category.

(Table Dollars in Thousands, Except Per Share Amounts)

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

	Actual		For Capital Adequacy Purposes		To be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of June 30, 2024						
Total risk-based capital (to risk-weighted assets)	$ 26,857	11.1%	$ 19,393	8.0%	$ 24,241	10.0%
Tier I capital (to risk-weighted assets)	24,487	10.1	14,544	6.0	19,393	8.0
Common equity Tier I capital (to risk-weighted assets)	24,487	10.1	10,908	4.5	15,756	6.5
Tier I capital (to adjusted total assets)	24,487	8.0	12,284	4.0	15,355	5.0
As of June 30, 2023						
Total risk-based capital (to risk-weighted assets)	$ 23,601	11.4%	$ 16,523	8.0%	$ 20,563	10.0%
Tier I capital (to risk-weighted assets)	21,811	10.6	12,392	6.0	16,523	8.0
Common equity Tier I capital (to risk-weighted assets)	21,811	10.6	9,294	4.5	13,425	6.5
Tier I capital (to adjusted total assets)	21,811	8.3	10,565	4.0	13,207	5.0

The Bank is subject to certain restrictions on the amount of dividends that it may declare without prior regulatory approval. Generally, the Bank's payment of dividends is limited to net income for the current year plus the two preceding calendar years, less capital distributions paid over the comparable time period. However, certain regulatory restrictions exist regarding the ability of the Bank to pay dividends.

Note 11. Related Party Transactions

At June 30, 2024 and 2023, the Company had loans outstanding to executive officers, directors, significant shareholders and their related interests, in the amount of approximately $1,218,000 and $1,389,000 respectively.

(Table Dollars in Thousands, Except Per Share Amounts)

In management's opinion, such loans and other extensions of credit and deposits were made in the ordinary course of business and were made on substantially the same terms (including interest rates and collateral) as those prevailing at the time for comparable transactions with other persons. Further, in management's opinion, these loans did not involve more than normal risk of collectability or present other unfavorable features.

Deposits from related parties held by the Company at June 30, 2024 and 2023, totaled approximately $1,306,000 and $1,558,000, respectively.

Note 12. Employee Benefits

The Company has a defined contribution 401(k) plan covering substantially all employees. Employees may contribute up to the annual deferral limit as defined by the Internal Revenue Service. The Company matches 100% of the employee's contribution on the first 3% of the employee's compensation and 50% of the employee's contribution on the next 2% of the employee's compensation. Employer contributions charged to expense for 2024 and 2023 were $153,000 and $130,000, respectively.

Note 13. Earnings Per Share

Earnings per share were computed as follows:

	2024	2023
Basic earnings per share		
Net income	$ 1,140	$ 716
Weighted average common shares outstanding	794,142	794,585
Basic earnings per share	$ 1.44	$ 0.90

There were no options to purchase shares of common stock or other dilutive securities as of June 30, 2024 and 2023.

Note 14. Disclosures About Fair Value of Assets and Liabilities

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

Level 1 Quoted prices in active markets for identical assets or liabilities the entity can access at the measurement date

(Table Dollars in Thousands, Except Per Share Amounts)

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2024 and 2023:

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2024				
U.S. Government agencies	$ 15,137	$ -	$ 15,137	$ -
U.S. Government agency mortgage-backed securities	3,391	-	3,391	-
U.S. Government agency collateralized-mortgage obligations	217	-	217	-
State and political subdivisions	4,446	-	4,446	-
June 30, 2023				
U.S. Government agencies	$ 18,911	$ -	$ 18,643	$ -
U.S. Government agency mortgage-backed securities	4,451	-	3,825	-
U.S. Government agency collateralized-mortgage obligations	427	-	290	-
State and political subdivisions	5,217	-	5,072	-

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated balance sheets, as well as the general classification of such assets pursuant to the valuation hierarchy. There are no liabilities measured at fair value on a recurring basis. There have been no significant changes in the valuation techniques during the year ended June 30, 2024.

Available-for-sale Securities

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

(Table Dollars in Thousands, Except Per Share Amounts)

Nonrecurring Measurements

There were no assets measured at fair value on a nonrecurring basis at June 30, 2024 and 2023.

Fair Value of Financial Instruments

The following tables present estimated fair values of the Company's financial instruments and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2024 and 2023:

		Fair Value Measurements Using		
	Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2024				
Financial assets				
Cash and cash equivalents	$ 8,122	$ 8,122	$ -	$ -
Interest-bearing time deposits	245	-	245	-
Loans held for sale	5,040	-	5,040	-
Loans, net of allowance for loan losses	255,658	-	-	253,784
Federal Home Loan Bank stock	4,796	-	4,796	-
Interest receivable	1,636	-	1,636	-
Financial liabilities				
Deposits	236,384	119,573	105,364	-
Federal Home Loan Bank advances	49,539	-	47,009	-
Other borrowings	5,759	-	5,465	-
Advances from borrowers for taxes and insurance	342	-	342	-
Interest payable	693	-	693	-

(Table Dollars in Thousands, Except Per Share Amounts)

	Carrying Value	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2023				
Financial assets				
Cash and cash equivalents	$ 6,353	$ 6,353	$ -	$ -
Interest-bearing time deposits	245	-	245	-
Loans held for sale	4,960	-	4,960	-
Loans, net of allowance for loan losses	215,271	-	-	210,256
Federal Home Loan Bank stock	3,721	-	3,721	-
Interest receivable	1,106	-	1,106	-
Financial liabilities				
Deposits	214,182	132,317	81,072	-
Federal Home Loan Bank advances	35,439	-	34,971	-
Other borrowings	3,350	-	3,306	-
Advances from borrowers for taxes and insurance	337	-	337	-
Interest payable	596	-	596	-

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

Cash and Cash Equivalents

The carrying amount approximates fair value.

Interest-bearing Time Deposits

The carrying amount approximates fair value.

Loans Held for Sale

The carrying amount approximates fair value due to the insignificant time between origination and date of sale. The carrying amount is the amount funded and accrued interest.

Loans

Fair values of loans are estimated on an exit price basis incorporating discounts for credit, liquidity, and marketability factors.

Accrued Interest Receivable and Payable, Federal Home Loan Bank Stock, and Advances From Borrowers for Taxes and Insurance

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

Deposits

Fair value of term deposits is estimated by discounting the future cash flows using rates of similar deposits with similar maturities.

(Table Dollars in Thousands, Except Per Share Amounts)

The estimated fair value of demand, NOW, savings, and money market deposits is the book value since rates are regularly adjusted to market rates and amounts are payable on demand at the reporting date.

Federal Home Loan Bank Advances, PPPLF, and Other borrowings

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

Commitments to Originate Loans, Forward Sale Commitments, Letters of Credit, and Lines of Credit

The fair value of commitments to originate loans is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed-rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates.

The fair value of commitments to sell securities is estimated based on current market prices for securities of similar terms and credit quality.

The fair values of letters of credit and lines of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate or otherwise settle the obligations with the counterparties at the reporting date.

Note 15. Commitments and Credit Risk

Commitments to originate loans are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since a portion of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Each customer's creditworthiness is evaluated on a case-by-case basis. The amount of collateral obtained, if deemed necessary, is based on management's credit evaluation of the counterparty. Collateral held varies, but may include accounts receivable, inventory, property, plant and equipment, commercial real estate, and residential real estate.

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

Management uses the same credit policies in granting lines of credit as it does for on-balance-sheet instruments:

	2024	2023
Commitments to make loans	$ 6,394	$ 2,623
Unused home equity lines of credit	11,184	8,248
Unused commercial lines of credit	17,713	17,150
Total	$ 35,291	$ 28,021

(Table Dollars in Thousands, Except Per Share Amounts)

Note 16. Condensed Financial Information (Parent Company Only)

Presented below is condensed financial information as to financial position, results of operations and cash flows of the Company:

Condensed Balance Sheets

	June 30, 2024	June 30, 2023
Assets		
Cash and due from banks	$ 1	$ 47
Investment in common stock of subsidiary	23,246	19,993
Prepaid expenses and other assets	214	147
Total assets	$ 23,461	$ 20,187
Liabilities and Stockholders' Equity		
Liabilities		
Other borrowings	$ 5,759	$ 3,350
Stockholders’ Equity	17,702	16,837
Total liabilities and stockholders’ equity	$ 23,461	$ 20,187

(Table Dollars in Thousands, Except Per Share Amounts)

Condensed Statements of Income and Comprehensive Income

	Year Ending June 30, 2024	2023
Income - Dividends From Subsidiary	$ 841	$ 682
Total Expenses	326	206
Income Before Income Tax and Equity in Undistributed Income of Subsidiary	515	476
Income Tax Benefit	(68)	(43)
Income Before Equity in Undistributed Income of Subsidia	584	519
Equity in Undistributed Income of Subsidiary	556	197
Net Income	$ 1,140	$ 716
Comprehensive Income	$ 1,693	$ 438

Condensed Statements of Cash Flows

	Year Ending June 30, 2024	2023
Operating Activities		
Net income	$ 1,140	$ 716
Items not providing cash	(3,292)	(2,759)
Net cash used in by operating activities	(2,152)	(2,043)
Financing Activities		
Dividends paid on common stock	(303)	(316)
Proceeds from other borrowings	2,500	2,500
Repayment of other borrowings	(91)	(87)
Purchase of treasury stock	-	(17)
Net cash provided by financing activities	2,106	2,080
Net Change in Cash and Cash Equivalents	(46)	37
Cash and Cash Equivalents at Beginning of Year	47	10
Cash and Cash Equivalents at End of Year	$ 1	$ 47

Note 17. Subsequent Events

Subsequent events have been evaluated through October 4, 2024, which is the date the consolidated financial statements were available to be issued.

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President – ADM Benefit Plans Agency, Inc.

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Vice Chairman of the Board
Retired – President and Chief Executive Officer of First Federal Community Bank

Steven R. Crall
President and Chief Executive Officer of First Federal Community Bank

D. Brent Fissel
Dentist--D. Brent Fissel, DDS

Roger R. Miller
Certified Public Accountant
Mizick, Miller & Company, Inc.

Jason R. McMullen
President/Owner
Total Warehousing Services,
Crossroads Original Designs, and
Cooper's Mill

David E. Wise
President, Wise Funeral Service

Steven P. Bridgford
Owner J&F Construction

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The Timken Company

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Brokensword Broadcasting Co.

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Retired President and Chief Executive Officer of First Federal Community Bank

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Co-Owner Val-Casting, Inc.

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Vice President/Chief Financial Officer

Jeffrey K. Urban
Senior Vice President/Chief Risk Officer & Shareholder Relations

Eric J. Savidge
Senior Vice President/Chief Lending Officer

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Vice President/Chief Administrative Officer

Jared R. Butler
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Mortgage Lending Officer

Michelle Studer
Client Services Officer

Stephanie Sigrist
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