SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended March 31, 2024

OR

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from ______________ to ______________

Commission File No. 000-56459

VWF Bancorp, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Maryland	**88-1256373**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)
976 South Shannon Street, Van Wert, Ohio	**45891**
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: **(419) 238-9662**
Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report: N/A
Securities registered pursuant to Section 12(b) of the Act: None

Title of each class	Trading symbol(s)	Name of each exchange on which registered

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such requirements for the past 90 days.
YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). YES ☒NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☒
	Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES ☐ NO ☒

As of May 15, 2024, the Registrant had 1,951,765 shares of common stock issued, of which 1,914,965 are outstanding.

VWF Bancorp, Inc.
Form 10-Q

Index

		Page
	Part I. – Financial Information	
Item 1.	Financial Statements	
	Condensed Consolidated Balance Sheets as of March 31, 2024 (unaudited) and June 30, 2023	3
	Condensed Consolidated Statements of Operations for the Three and Nine Months Ended March 31, 2024 and 2023 (unaudited)	4
	Condensed Consolidated Statements of Comprehensive Income (Loss) for the Three and Nine Months Ended March 31, 2024 and 2023 (unaudited)	5
	Condensed Consolidated Statements of Changes in Shareholders' Equity for the Three and Nine Months Ended March 31, 2024 and 2023 (unaudited)	6
	Condensed Consolidated Statements of Cash Flows for the Nine Months Ended March 31, 2024 and 2023 (unaudited)	7
	Notes to Condensed Consolidated Financial Statements (unaudited)	8
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	30
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	39
Item 4.	Controls and Procedures	39
	Part II. – Other Information	
Item 1.	Legal Proceedings	41
Item 1A.	Risk Factors	41
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	41
Item 3.	Defaults upon Senior Securities	41
Item 4.	Mine Safety Disclosures	41
Item 5.	Other Information	41
Item 6.	Exhibits	42
	Signature Page	43

Part I. – Financial Information

Item 1. Financial Statements

VWF Bancorp, Inc.
Condensed Consolidated Balance Sheets
March 31, 2024 and June 30, 2023

	March 31, 2024	June 30, 2023
	(Unaudited)	
Assets		
Cash and due from banks	$ 20,543,197	$ 5,515,728
Available-for-sale debt securities	132,934,788	70,585,194
Loans, net of allowance for credit losses of $601,451 at March 31, 2024 and $263,422 June 30, 2023, respectively	105,402,652	81,208,395
Premises and equipment	2,001,822	1,409,347
Stock in correspondent banks	1,913,800	396,800
Bank owned life insurance	5,317,582	5,223,496
Accrued interest receivable	897,824	498,807
Right-of-use_asset - operating lease	722,471	—
Other assets	1,536,427	1,131,536
Total assets	$ 271,270,563	$ 165,969,303
Liabilities and Shareholders' Equity		
Liabilities		
Deposits		
Demand	$ 24,589,576	$ 26,551,336
Savings and money market	47,143,812	42,019,749
Time	134,956,681	51,420,496
Total deposits	206,690,069	119,991,581
Borrowings	24,000,000	6,200,000
Advances from borrowers	827,494	628,795
Operating lease liability	750,812	—
Accrued interest payable and other liabilities	1,957,501	650,927
Total liabilities	234,225,876	127,471,303
Commitments and Contingencies		
Shareholders' Equity		
Preferred stock, $0.01 par value, 1,000,000 shares authorized, none issued	—	—
Common stock, $0.01 par value, 14,000,000 shares authorized, 1,914,965 and 1,922,924 issued and outstanding at March 31, 2024 and June 30, 2023, respectively	19,229	19,229
Additional paid-in capital	17,953,882	17,875,071
Treasury stock, 36,800 shares at March 31, 2024 and 0 shares at June 30, 2023	(598,000)	—
Unearned ESOP	(1,365,276)	(1,461,422)
Retained earnings	23,506,528	24,916,481
Accumulated other comprehensive loss	(2,471,676)	(2,851,359)
Total shareholders' equity	37,044,687	38,498,000
Total liabilities and shareholders' equity	$ 271,270,563	$ 165,969,303

See Notes to Condensed Consolidated Financial Statements

VWF Bancorp, Inc.
Condensed Consolidated Statements of Operations
For the Three and Nine Months Ended March 31, 2024 and 2023

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	**2023**	**2024**	**2023**
	(Unaudited)		(Unaudited)	
Interest Income				
Loans	$ 1,242,850	$ 713,572	$ 3,279,632	$ 2,125,558
Investment securities	1,929,515	349,880	4,536,109	860,578
Interest-bearing deposits and other	142,501	241,433	421,126	550,789
Total interest income	3,314,866	1,304,885	8,236,867	3,536,925
Interest Expense				
Deposits	1,398,627	160,571	3,146,638	316,752
Borrowings	531,300	—	1,360,160	22
Total interest expense	1,929,927	160,571	4,506,798	316,774
Net Interest Income	1,384,939	1,144,314	3,730,069	3,220,151
Provision for Credit Losses - Loans	71,979	—	291,234	—
Provision for Credit Losses - Off Balance Sheet Credit Exposure	11,785	—	14,860	—
Credit Loss Expense	83,764	—	306,094	—
Net Interest Income After Provision for Credit Losses	1,301,175	1,144,314	3,423,975	3,220,151
Noninterest Income				
Bank owned life insurance	32,906	28,024	94,086	82,881
Gain on disposal of assets	—	—	2,866	—
Other income	16,150	20,762	50,781	71,753
Total noninterest income	49,056	48,786	147,733	154,634
Noninterest Expense				
Salaries and employee benefits	932,628	500,699	2,432,760	1,293,089
Pension plan withdrawal	252,014	121,820	252,014	1,051,820
Directors fees	76,730	44,000	168,680	114,000
Occupancy and equipment	91,949	111,523	349,088	224,872
Data processing fees	131,136	67,592	362,641	192,678
Franchise taxes	68,382	41,195	150,773	118,845
FDIC insurance premiums	29,389	9,000	70,278	27,900
Professional services	126,217	95,510	516,635	431,953
Loss on sale of investment securities	—	—	1,951	—
Foreclosed assets, net	6,500	—	436	—
Other	425,992	115,179	1,006,441	281,241
Total noninterest expense	2,140,937	1,106,518	5,311,697	3,736,398
(Loss) Income before income taxes	(790,706)	86,582	(1,739,989)	(361,613)
Provision for income taxes (benefits)	(172,100)	(3,438)	(383,202)	(113,564)
Net (Loss) Income	$ (618,606)	$ 90,020	$ (1,356,787)	$ (248,049)
Basic (Loss) Earnings Per Share	$ (0.35)	$ 0.05	$ (0.76)	$ (0.15)
Diluted (Loss) Earnings Per Share	$ (0.35)	$ 0.05	$ (0.76)	$ (0.15)

See Notes to Condensed Consolidated Financial Statements

VWF Bancorp, Inc.
Condensed Consolidated Statements of Comprehensive Income (Loss)
For the Three and Nine Months Ended March 31, 2024 and 2023

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	**2023**	**2024**	**2023**
	(Unaudited)		(Unaudited)	
Net (loss) income	$ (618,606)	$ 90,020	$ (1,356,787)	$ (248,049)
Other comprehensive income (loss):				
Net unrealized gains (losses) on available-for-sale securities	491,244	562,701	562,945	(170,337)
Change in funded status of defined benefit plan	(82,333)	—	(82,333)	—
Tax (expense) benefit	(85,873)	(118,167)	(100,929)	35,771
Other comprehensive income (loss)	323,038	444,534	379,683	(134,566)
Comprehensive (loss) income	$ (295,568)	$ 534,554	$ (977,104)	$ (382,615)

See Notes to Condensed Consolidated Financial Statements

VWF Bancorp, Inc.
Condensed Consolidated Statements of Changes in Shareholders' Equity
For the Three and Nine Months Ended March 31, 2024 and 2023

	Three Months Ended						
	Common Stock	Additional Paid-in Capital	Unearned ESOP Shares	Retained Earnings	Treasury Stock, at Cost	Accumulated Other Comprehensive Loss	Shareholders' Equity
				(Unaudited)			
Balance at December 31, 2022	$ 19,229	$ 17,875,071	$ (1,461,422)	$ 25,123,796	$ —	$ (2,673,859)	$ 38,882,815
ESOP shares committed to be released	—	—	—	—	—	—	—
Net income	—	—	—	90,020	—	—	90,020
Other comprehensive income	—	—	—	—	—	444,534	444,534
Balance at March 31, 2023	$ 19,229	$ 17,875,071	$ (1,461,422)	$ 25,213,816	$ —	$ (2,229,325)	$ 39,417,369
Balance at December 31, 2023	$ 19,229	$ 17,911,996	$ (1,384,505)	$ 24,125,134	$ —	$ (2,794,714)	$ 37,877,140
ESOP shares committed to be released	—	11,525	19,229	—	—	—	30,754
Net loss	—	—	—	(618,606)	—	—	(618,606)
Other comprehensive income	—	—	—	—	—	323,038	323,038
Purchase of treasury stock	—	—	—	—	(598,000)	—	(598,000)
Stock compensation expense	—	30,361	—	—	—	—	30,361
Balance at March 31, 2024	$ 19,229	$ 17,953,882	$ (1,365,276)	$ 23,506,528	$ (598,000)	$ (2,471,676)	$ 37,044,687

	Nine Months Ended						
	Common Stock	Additional Paid-in Capital	Unearned ESOP Shares	Retained Earnings	Treasury Stock, at Cost	Accumulated Other Comprehensive Loss	Shareholders' Equity
				(Unaudited)			
Balance at July 1, 2022	$ —	$ —	$ —	$ 25,461,865	$ —	$ (2,094,759)	$ 23,367,106
Proceeds from issuance of shares	19,229	17,845,597	(1,538,339)	—	—	—	16,326,487
ESOP shares committed to be released	—	29,474	76,917	—	—	—	106,391
Net loss	—	—	—	(248,049)	—	—	(248,049)
Other comprehensive loss	—	—	—	—	—	(134,566)	(134,566)
Balance at March 31, 2023	$ 19,229	$ 17,875,071	$ (1,461,422)	$ 25,213,816	$ —	$ (2,229,325)	$ 39,417,369
Balance at July 1, 2023	$ 19,229	$ 17,875,071	$ (1,461,422)	$ 24,916,481	$ —	$ (2,851,359)	$ 38,498,000
Cumulative-effect adjustment for adoption of ASU 2016-13	—	—	—	(53,166)	—	—	(53,166)
Balance at July 1, 2023, as adjusted for change in accounting principle	$ 19,229	$ 17,875,071	$ (1,461,422)	$ 24,863,315	$ —	$ (2,851,359)	$ 38,444,834
ESOP shares committed to be released	—	48,450	96,146	—	—	—	144,596
Net loss	—	—	—	(1,356,787)	—	—	(1,356,787)
Other comprehensive income	—	—	—	—	—	379,683	379,683
Purchase of treasury stock	—	—	—	—	(598,000)	—	(598,000)
Stock compensation expense	—	30,361	—	—	—	—	30,361
Balance at March 31, 2024	$ 19,229	$ 17,953,882	$ (1,365,276)	$ 23,506,528	$ (598,000)	$ (2,471,676)	$ 37,044,687

See Notes to Condensed Consolidated Financial Statements

VWF Bancorp, Inc.
Condensed Consolidated Statements of Cash Flows
For the Nine Months Ended March 31, 2024 and 2023

	Nine Months Ended March 31,	
	2024	2023
	(Unaudited)	
Operating Activities		
Net loss	$ (1,356,787)	$ (248,049)
Items not requiring (providing) cash:		
Depreciation and amortization	111,410	45,956
Amortization of premiums and discounts, net	(221,353)	47,657
Deferred income taxes	(474,916)	111,094
Provision for credit losses	306,094	—
Loss on sale of investment securities	1,951	—
Net losses on sale of foreclosed assets	436	—
Gain on disposal of assets	(2,866)	—
Increase in cash surrender value of bank-owned life insurance	(94,086)	(82,881)
Stock compensation expense	30,361	—
ESOP compensation expense	88,442	106,391
Changes in:		
Accrued interest receivable	(399,017)	(147,184)
Operating lease liability	519	—
Other assets and liabilities	1,007,835	643,228
Net cash (used in) provided by operating activities	(1,001,977)	476,212
Investing Activities		
Net change in interest-bearing time deposits	—	1,470,000
Purchases of available-for-sale securities	(99,396,338)	(27,426,997)
Proceeds from sales of available-for-sale securities	2,989,042	—
Proceeds from calls, maturities and paydowns of available-for-sale securities	34,840,049	2,881,515
Proceeds from sales of foreclosed assets	97,303	—
Net change in loans	(24,677,600)	(819,222)
Purchase of premises and equipment	(673,197)	(75,507)
Purchase of correspondent bank stock	(1,808,900)	—
Proceeds from redemption of correspondent bank stock	559,900	799,900
Net cash used in investing activities	(88,069,741)	(23,170,311)
Financing Activities		
Net increase in deposit accounts	86,698,488	9,621,994
Proceeds from borrowings	96,500,000	—
Repayment of borrowings	(78,700,000)	—
Purchase of treasury stock	(598,000)	—
Net change in advances by borrowers	198,699	(155,349)
Proceeds from issuance of common stock	—	1,011,257
Net cash provided by financing activities	104,099,187	10,477,902
Increase (Decrease) in Cash and Cash Equivalents	15,027,469	(12,216,197)
Cash and Cash Equivalents, Beginning of Period	5,515,728	36,711,842
Cash and Cash Equivalents, End of Period	$ 20,543,197	$ 24,495,645
Supplemental Disclosure of Cash Flow Information		
Cash paid during the period for:		
Interest on deposits and borrowings	$ 4,045,238	$ 288,506
Supplemental Disclosure of Noncash Financing Activities		
Transfers from stock subscriptions to common stock and additional paid-in capital	$ —	$ 15,315,230
ROU asset obtained in exchange for new operating lease liability	750,293	—
Loans transferred to OREO	70,943	—

See Notes to Condensed Consolidated Financial Statements

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

Principles of Consolidation

The consolidated financial statements include the accounts of VWF Bancorp, Inc. ("VWF Bancorp" or the "Company") and its wholly owned subsidiary, Van Wert Federal Savings Bank ("Van Wert Federal" or the "Bank"). All intercompany transactions and balances have been eliminated in consolidation.

Nature of Operations

The Company, a Maryland corporation and registered savings and loan holding company, was incorporated on February 25, 2022, to serve as the savings and loan holding company for the Bank in connection with the Bank's conversion from the mutual form of organization to the stock form of organization (the "Conversion"). The Conversion was completed on July 13, 2022. The Company's shares began trading on OTCQB under the symbol "VWFB" on July 14, 2022. VWFB shares began trading on OTCQX on June 30, 2023 under the symbol "VWFB". In connection with the Conversion, the Company acquired 100% ownership of the Bank and the Company offered and sold 1,922,924 shares of its common stock at $10.00 per share, for gross offering proceeds of $19,229,000. The cost of the conversion and issuance of common stock was approximately $1,364,000, which was deducted from the gross offering proceeds. The Bank's employee stock ownership plan purchased 153,834 shares of the common stock sold by the Company, which was 8% of the 1,922,924 shares of common stock issued by the Company. The ESOP purchased the shares using a loan from the Company. The Company contributed $8,932,000 of the net proceeds from the offering to the Bank, loaned $1,538,000 of the net proceeds to the ESOP and retained approximately $7,394,000 of the net proceeds.

Following the Conversion, voting rights in the Company are held and exercised exclusively by the shareholders of the Company. Deposit account holders continue to be insured by the FDIC. The Bank may not pay a dividend on its capital stock if the effect thereof would cause retained earnings to be reduced below regulatory capital requirements. In addition, the Company is subject to certain regulations related to the payment of dividends and the repurchase of its capital stock. The Conversion was accounted for as a change in corporate form with the historic basis of the Bank's assets, liabilities and equity unchanged as a result.

The Bank, which is the sole subsidiary of the Company, is a federally chartered mutual thrift engaged primarily in the business of making residential mortgage loans, commercial loans and accepting deposits. Its operations are conducted through its offices located in Van Wert, Ohio and Fort Wayne, Indiana. 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. Effective June 23, 2023, the Bank elected to operate as a "covered savings association" ("CSA"). A CSA has the same rights and privileges as a national bank that has its main office situated in the same location as the home office of the CSA and is subject to the same duties, restrictions, penalties, liabilities, conditions, and limitations that would apply to such a national bank.

Interim Financial Statements

The interim unaudited consolidated financial statements as of March 31, 2024, and for the three and nine months ended March 31, 2024 and 2023, are unaudited and reflect all normal recurring adjustments that are, in the opinion of management, necessary for a fair presentation of the results for the interim periods presented. Such adjustments are the only adjustments contained in these unaudited consolidated financial statements. These unaudited consolidated financial statements have been prepared according to the rules and regulations of the Securities and Exchange Commission and, therefore, certain information and footnote disclosures normally included in the consolidated financial statements prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") have been omitted. The results of operations for the three and nine months ended March 31, 2024, are not necessarily indicative of the results to be achieved for the remainder of the year ending June 30, 2024, or any other period.

The accompanying consolidated financial statements have been derived from and should be read in conjunction with the audited financial statements as of and for the years ended June 30, 2023 and 2022 contained in the Company's Form 10-K for the fiscal year ended June 30, 2023, filed with the Securities and Exchange Commission on October 6, 2023.

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, valuation of deferred tax assets and fair values of financial instruments.

Debt Securities

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

Classified as	Description	Recorded at
Held to maturity (HTM)	Certain debt securities that management has the positive intent and ability to hold to maturity	Amortized cost
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
Available for sale (AFS)	Securities not classified as HTM or trading	Fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income

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

Subsequent to adoption of ASC 326 on July 1, 2023:

Effective July 1, 2023, the Company uses a current expected credit loss ("CECL") model to estimate the allowance for credit losses on debt securities. For available-for-sale debt securities in an unrealized loss position, management first assesses whether it intends to sell, or it is more likely than not that it will be required to sell, the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income. For available-for-sale debt securities that do not meet the aforementioned criteria, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors.

If this assessment indicates that a credit loss exists, the present value of cash flows expected to be 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 decline in fair value that has not been recorded through an allowance for credit losses is recognized in other comprehensive income, net of applicable taxes.

Prior to adoption of ASC 326 on July 1, 2023:

Prior to July 1, 2023, when the fair value of securities was below amortized cost, the Bank's accounting treatment for an other-than-temporary impairment (OTTI) was as follows:

Circumstances of Impairment Considerations	Accounting Treatment for OTTI Components	
	Credit Component	Remaining Portion
Not intended for sale and more likely than not that the Bank will not have to sell before recovery of cost basis	Recognized in earnings	Recognized in other comprehensive income
Intended for sale or more likely than not that the Bank will be required to sell before recovery of cost basis	Recognized in earnings	

For held-to-maturity debt securities, the amount of OTTI recorded in other comprehensive income for the noncredit portion of a previous OTTI was amortized prospectively over the remaining life of the security on the basis of the timing of future estimated cash flows of the security.

When a credit loss component was separately recognized in earnings, the amount is identified as the total of principal cash flows not expected to be received over the remaining term of the security, as projected based on cash flow projections.

The Company recognized no other-than-temporary impairments during the three and nine months ended March 31, 2023.

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 credit losses and 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 past due status of a loan is based on the contractual terms in the loan agreement. The accrual of interest on a loan is discontinued when the loan becomes 90 days delinquent or whenever management believes the borrower will be unable to make payments as they become due. When loans are placed on nonaccrual status or charged off, all unpaid accrued interest is reversed against interest income. The interest on these loans is subsequently accounted for on the cash basis if collection of the remaining recorded investment in the loan is still expected or using the cost-recovery method when collection of the remaining recorded investment is in doubt. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

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.

For all loan portfolio segments except residential and consumer loans, the Bank promptly charges-off loans, or portions thereof, when available information confirms that specific loans are uncollectible based on information that includes, but is not limited to, (1) the deteriorating financial condition of the borrower, (2) declining collateral values, and/or (3) legal action, including bankruptcy, that impairs the borrower's ability to adequately meet its obligations. For impaired loans that are considered to be solely collateral dependent, a partial charge-off is recorded when a loss has been confirmed by an updated appraisal or other appropriate valuation of the collateral.

The Bank charges-off residential and consumer loans, or portions thereof, when the Bank reasonably determines the amount of the loss. The Bank adheres to delinquency thresholds established by applicable regulatory guidance to determine the charge-off timeframe for these loans. Loans at these delinquency thresholds for which the Bank can clearly document that the loan is both well-secured and in the process of collection, such that collection will occur regardless of delinquency status, need not be charged off.

For all classes, all interest accrued but not collected for loans that are placed on nonaccrual or charged off is 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. Nonaccrual loans are returned to accrual status when, in the opinion of management, the financial position of the borrower indicates there is no longer any reasonable doubt as to the timely collection of interest or principal. The Bank requires a period of satisfactory performance of not less than six months before returning a nonaccrual loan to accrual status.

When cash payments are received on impaired loans in each loan class, the Bank records the payment as interest income unless collection of the remaining recorded principal amount is doubtful, at which time payments are used to reduce the principal balance of the loan.

Allowance for Credit Losses

The Company adopted ASU No. 2016-13 and began accounting for credit losses under ASC 326, Financial Instruments - Credit Losses, on July 1, 2023. The new standard significantly changed the impairment model for most financial assets that are measured at amortized cost, including off-balance sheet credit exposures, from an incurred loss impairment model to an expected credit loss model. Refer to Note 2 for more information on the impact to the consolidated financial statements.

The allowance for credit losses on loans is a valuation allowance that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the Company's loan portfolio. The allowance for credit losses on loans is established through provisions for credit losses charged against earnings. When available information confirms that specific loans, or portions thereof, are uncollectible, these amounts are charged against the allowance for credit losses on loans, and subsequent recoveries, if any, are credited to the allowance for credit losses on loans.

Subsequent to adoption of ASC 326 on July 1, 2023:

Effective July 1, 2023, the Company uses a current expected credit loss ("CECL") model to estimate the allowance for credit losses on loans. The CECL model considers historical loss rates and other qualitative adjustments, as well as a new forward-looking component that considers reasonable and supportable forecasts over the expected life of each loan. To develop the allowance for credit losses on loans estimate under the CECL model, the Company segments the loan portfolio into loan pools based on loan type and similar credit risk elements; performs an individual evaluation of certain collateral dependent and other credit-deteriorated loans; calculates the historical loss rates for the segmented loan pools; applies the loss rates over the calculated life of the collectively evaluated loan pools; adjusts for forecasted macro-level economic conditions and other anticipated changes in credit quality; and determines qualitative adjustments based on factors and conditions unique to the Company's loan portfolio.

Under the CECL model, loans that do not share similar risk characteristics with loans in their respective pools are individually evaluated for expected credit losses and are excluded from the collectively evaluated loan credit loss estimates. Management individually evaluates nonaccrual loans and other loans with evidence of credit deterioration. For loans individually evaluated, a specific reserve is estimated based on either the fair value of collateral or the discounted value of expected future cash flows.

A loan is considered to be collateral dependent when, based upon management's assessment, the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. For collateral dependent loans, expected credit losses are based on the fair value of the collateral as of the date of the consolidated balance sheet, with consideration for estimated selling costs if satisfaction of the loan depends on the sale of the collateral.

Management evaluates all collectively evaluated loan pools using the weighted average remaining life ("WARM") methodology. The WARM methodology applies calculated quarterly net loss rates to collectively evaluated loan pools on a periodic basis based

on the estimated remaining life of each pool. The estimated losses under the remaining life methodology are then adjusted for qualitative factors deemed appropriate by management.

The estimated remaining life of each pool is determined using annual, pool-based attrition measurements using the Company's loan-level historical data. The Company's historical call report data is utilized for historical loss rate calculations, and the lookback period for each collectively evaluated loan pool is determined by management based upon management's evaluation of what historical data is most reflective indicator of expected losses. Forecasted historical loss rates are calculated using the Company's historical data based on the lookback, forecast, and reversion period inputs by management. Management elected to utilize an 8-quarter forecast period, with immediate reversion to historical losses after the forecast period.

The quantitative analysis described above is supplemented with other qualitative factors based on the risks present for each collectively evaluated loan pool. These qualitative factors include: changes in lending policies and practices; changes in international, national, regional, and local business conditions; changes in the nature and volume of the portfolio and in terms of loans; changes in lending staff; changes in the volume and severity of past due loans; changes in the quality of the Company's loan review system; changes in the value of underlying collateral; existence and effect of any concentrations of credit risk and changes in the levels of concentrations; and the effect of other external factors such as competition.

In addition to the allowance for credit losses on loans, the Company maintains a reserve for unfunded loan commitments at a level that management believes is adequate to absorb estimated probable credit losses over the contractual terms of the Company's noncancellable loan commitments. The reserve for unfunded commitments, which is included in Accrued interest payable and other liabilities on the accompanying consolidated balance, is established through provisions for credit losses charged against earnings.

Unfunded loan commitments are segmented into the same pools used for estimating the allowance for credit losses on loans. Estimated credit losses on unfunded loan commitments are based on the same methodology, inputs, and assumptions used to estimate credit losses on collectively evaluated loans, adjusted for estimated funding probabilities. The estimated funding probabilities represent management's estimate of the amount of the current unfunded loan commitment that will be funded over the remaining contractual life of the commitment and is based on historical data, when available, or as determined by management when historical data is not available.

The Company may modify loans to borrowers experiencing financial difficulty and grant certain concessions that include principal forgiveness, a term extension, an other-than-insignificant payment delay, an interest rate reduction, or a combination of these concessions. An assessment of whether the borrower is experiencing financial difficulty is made at the time of the loan modification. Upon the Company's determination that a modified loan (or portion of a loan) has subsequently been deemed uncollectible, the loan (or portion of the loan) is written off. Therefore, the amortized cost basis of the loan is reduced by the uncollectible amount and the allowance for credit losses is adjusted by the same amount.

Prior to adoption of ASC 326 on July 1, 2023:

Prior to July 1, 2023, the Company used an incurred loss impairment model to estimate the allowance for loan losses. This methodology assessed the overall appropriateness of the allowance for loan losses on loans and included allocations for specifically identified impaired loans and loss factors for all remaining loans, with a component primarily based on historical loss rates and another component primarily based on other qualitative factors.

Under the incurred loss impairment model, the allowance for loan losses was based upon management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. When historical data was not available, management relied upon available peer data.

The allowance for loan losses under the incurred loss impairment model consisted of allocated and general components. The allocated component related to loans that were classified as impaired. For those loans that were classified as impaired, an allowance was established when the discounted cash flows (or collateral value or observable market price) of the impaired loan was lower than the carrying value of that loan. The general component covered nonimpaired loans and was based on historical charge-off experience by segment. The historical loss experience was determined by portfolio segment and was based on the actual loss history experienced by the Company over the prior three years. Other adjustments (qualitative/environmental

considerations) for each segment were added to the allowance for each loan segment after an assessment of internal or external influences on credit quality that were not fully reflected in the historical loss or risk rating data.

Under the incurred loss impairment model, a loan was considered impaired when, based on current information and events, it was probable that the Company would be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment included payment status, collateral value and the probability of collecting scheduled principal and interest payments when due, based on the loan's current payment status and the borrower's financial condition, including available sources of cash flows. Loans that experience insignificant payment delays and payment shortfalls generally were not classified as impaired. Management determined the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record and the amount of the shortfall in relation to the principal and interest owed. Impairment was measured on a loan-by-loan basis for non-homogenous type loans such as commercial, non-owner-occupied residential, multi-family, nonresidential and construction loans by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price or the fair value of the collateral if the loan is collateral dependent. For impaired loans where the Company utilized the discounted cash flows to determine the level of impairment, the Company included the entire change in the present value of cash flows as bad debt expense.

The fair values of collateral dependent impaired loans were based on independent appraisals of the collateral. In general, the Company acquired an updated appraisal upon identification of impairment and annually thereafter for commercial, commercial real estate and multi-family loans. If the most recent appraisal was over a year old, and a new appraisal was not performed, due to lack of comparable values or other reasons, the existing appraisal is utilized and discounted based on the age of the appraisal, condition of the subject property and overall economic conditions. After determining the collateral value as described, the fair value was calculated based on the determined collateral value less selling expenses. The potential for outdated appraisal values was considered in the determination of the allowance for loan losses through analysis of various trends and conditions including the local economy, trends in charge-offs and delinquencies, etc. and the related qualitative adjustments assigned by the Company.

Under the incurred loss impairment model, segments of loans with similar risk characteristics were collectively evaluated for impairment based on the segment's historical loss experience adjusted for changes in trends, conditions and other relevant factors that affect repayment of the loans. Accordingly, the Company did not separately identify individual consumer and residential loans for impairment measurements, unless such loans were the subject of a restructuring agreement due to financial difficulties of the borrower.

Prior to the adoption of ASU 2022-02, any loans that are modified were reviewed by the Company to identify if a troubled debt restructuring (TDR) had occurred, which was when, for economic or legal reasons related to a borrower's financial difficulties, the Company granted a concession to the borrower that it would not otherwise consider. With regard to determination of the amount of the allowance for loan losses, troubled debt restructured loans were considered to be impaired. As a result, the determination of the amount of impaired loans for each portfolio segment within troubled debt restructurings was the same as detailed previously.

Revenue Recognition

The Company accounts for revenues in accordance with Accounting Standards Update (ASU) 2014-09 "Revenue from Contracts with Customers" (Accounting Standards Codification (ASC) 606) and all subsequent ASUs that modified ASC 606. ASC 606 provides that an entity should recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Interest income, net securities gains (losses) and income from bank-owned life insurance are not included within the scope of ASC 606. For the revenue streams in the scope of ASC 606, service charges on deposits and electronic banking fees, there are no significant judgments related to the amount and timing of revenue recognition. All the Company's in scope revenue from contracts with customers is recognized within other noninterest income.

Deposit Services. The Company generates revenues through fees charged to depositors related to deposit account maintenance fees, overdrafts, ATM fees, wire transfers and additional miscellaneous services provided at the request of the depositor. For deposit-related services, revenue is recognized when performance obligations are satisfied, which is, generally, at a point in time.

Stock-Based Compensation

Compensation cost is recognized for stock options and restricted stock awards issued to employees and directors, based on the fair value of these awards at the date of grant. A Black-Scholes model is utilized to estimate the fair value of stock options, while the market price of the Company's common stock at the date of grant is used for restricted stock awards.

Compensation cost is recognized over the required service period, generally defined as the vesting period. For awards with graded vesting, compensation cost is recognized on a straight-line basis over the requisite service period for the entire award. The Company's accounting policy is to recognize forfeitures as they occur.

Treasury Stock

Common stock shares repurchased are recorded at cost. Cost of shares retired or reissued is determined using the first-in, first-out method.

Earnings (Loss) Per Share

Basic earnings (loss) per share ("EPS") represents income available or loss attributable to common shareholders divided by the weighted average number of common shares outstanding during the period. Unallocated common shares held by the ESOP are not included in the weighted average number of common shares outstanding for purposes of calculating EPS until they are committed to be released. Legally issued and outstanding unvested restricted shares are not included in the weighted average number of common shares outstanding for purposes of calculating basic EPS until the awards vest, however, these shares are included in the computation of the denominator of diluted EPS, if dilutive. Diluted EPS reflects additional common shares that would have been outstanding if dilutive potential common shares, in the form of stock options and restricted stock awards, had been issued, as well as any adjustment to income that would result from the assumed issuance and is calculated using the treasury stock method. Potentially dilutive common shares are excluded from the computation of diluted EPS in periods in which the effect would be anti-dilutive.

The computation for the three and nine months ended March 31, 2024 and 2023 is as follows:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	**2023**	**2024**	**2023**
	(Unaudited)		(Unaudited)	
Basic				
Net (loss) income	$ (618,606)	$ 90,020	$ (1,356,787)	$ (248,049)
Shares outstanding for basic (loss) earnings per share:				
Weighted-average common shares outstanding	1,903,949	1,922,924	1,918,007	1,787,065
Less average unearned ESOP shares	(137,169)	(153,834)	(142,292)	(142,965)
Weighted-average shares - basic	1,766,780	1,769,090	1,775,715	1,644,100
Basic (loss) earnings per share	$ (0.35)	$ 0.05	$ (0.76)	$ (0.15)
Diluted				
Effect of dilutive stock-based awards				
Weighted-average shares oustanding - basic	1,766,780	1,769,090	1,775,715	1,644,100
Stock options	—	—	—	—
Restricted stock	—	—	—	—
Weighted average shares - assuming dilution	1,766,780	1,769,090	1,775,715	1,644,100
Diluted (loss) earnings per share	$ (0.35)	$ 0.05	$ (0.76)	$ (0.15)

Stock options and restricted stock awards for 10,000 and 28,841 shares of common stock, respectively, were not considered in computing diluted earnings per common share for the three and nine months ended March 31, 2024, because they were antidilutive.

Note 2: Recent Accounting Pronouncements

Accounting Standards Adopted in 2024

Measurement of Credit Losses on Financial Instruments:

The Company recently adopted the following Accounting Standards Updates ("ASU") issued by the Financial Accounting Standards Board ("FASB").

ASU No. 2016-13, Measurement of Credit Losses on Financial Instruments – This standard significantly changes how financial assets measured at amortized cost are presented. Such assets, which include most loans, are presented at the net amount expected to be collected over their remaining contractual lives. Estimated credit losses are based on relevant information about historical experience, current conditions, and reasonable and supportable forecasts that affect the collectibility of the reported amounts. The standard also changes the accounting for credit losses related to available-for-sale securities.

The Company adopted ASU No. 2016-13 on July 1, 2023, and recorded a cumulative effect adjustment of $53,000 to retained earnings . Results for the three and nine months ended March 31, 2024, are presented under Accounting Standards Codification ("ASC") 326 while prior period amounts continue to be reported in accordance with previously applicable accounting standards generally accepted in the United States ("US GAAP"). See Debt Securities, Loans, and Allowance for Credit Losses on Loans accounting policies in Note 1 and see Notes 3 and 4 for additional disclosures related to this new accounting pronouncement.

ASU No. 2022-02, Troubled Debt Restructurings and Vintage Disclosures, Topic 326 (Financial Instruments-Credit Losses) – This standard eliminates the recognition and measurement guidance for troubled debt restructurings by creditors under ASC Subtopic 310-40, Receivables-Troubled Debt Restructurings by Creditors, and, instead, requires the Company to evaluate (consistent with other loan modification accounting standards) whether a loan modification represents a new loan or a continuation of an existing loan. The amendments to the standard also enhance existing disclosure requirements, and introduce new requirements related to certain modifications of loans made to borrowers experiencing financial difficulty. The Company adopted ASU No. 2022-02 on July 1, 2023, on a prospective basis. See Note 4 for new disclosures related to the new accounting standard.

Note 3: Debt Securities

Debt securities held by the Company generally are classified and recorded in the financial statements as available for sale, with unrealized gains and losses excluded from earnings and reported in other comprehensive income (loss).

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

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Approximate Fair Value
		(Unaudited)		
Available-for-sale Securities:				
March 31, 2024				
U.S. Government agencies	$ 6,000,000	$ —	$ 320,580	$ 5,679,420
Mortgage-backed Government Sponsored Enterprises (GSEs)	30,720,714	53,369	1,803,593	28,970,490
Collateralized mortgage obligations (CMOs)	92,040,967	247,133	482,115	91,805,985
Subordinated debt	2,750,000	—	158,320	2,591,680
State and political subdivisions	4,551,810	—	664,597	3,887,213
	$ 136,063,491	$ 300,502	$ 3,429,205	$ 132,934,788

	Amortized Cost		Gross Unrealized Gains		Gross Unrealized Losses		Approximate Fair Value
Available-for-sale Securities:							
June 30, 2023							
U.S. Government agencies	$	7,000,000	$	1,410	$	471,900	$ 6,529,510
Mortgage-backed Government							
Sponsored Enterprises (GSEs)		31,081,408		961		2,153,110	28,929,259
Collateralized mortgage obligations		30,633,725		12,253		261,388	30,384,590
Subordinated debt		1,000,000		—		139,530	860,470
State and political subdivisions		4,561,709		—		680,344	3,881,365
	$	74,276,842	$	14,624	$	3,706,272	$ 70,585,194

The amortized cost and fair value of available-for-sale securities at March 31, 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:

	March 31, 2024 Available-for-sale	
	Amortized Cost	Fair Value
	(Unaudited)	
Within one year	$ 1,000,000	$ 984,960
One to five years	5,939,495	5,534,621
Five to ten years	4,676,227	4,261,605
After ten years	1,686,088	1,377,127
	13,301,810	12,158,313
Mortgage-backed GSE's and CMO's	122,761,681	120,776,475
Totals	$ 136,063,491	$ 132,934,788

The carrying value of securities pledged as collateral, to secure public deposits and for other purposes, was $33,835,000 and $7,201,000 at March 31, 2024 and June 30, 2023, respectively.

During the three and nine months ended March 31, 2023, and the three months ended March 31, 2024 the Company had no sales of available for sale securities. Proceeds from sales of securities totaled $2,989,000 during the nine months ended March 31, 2024. Such sales resulted in realized losses of $2,000.

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 March 31, 2024 and June 30, 2023 was $70,073,778 and $61,878,925, respectively, which is approximately 53 percent and 88 percent, respectively, of the fair value of the Company's total investment portfolio. Management believes that all unrealized losses at March 31, 2024 and June 30, 2023 resulted from temporary changes in interest rates and current market conditions and not a result of credit deterioration.

Information related to unrealized losses in the investment portfolio as of March 31, 2024 and June 30, 2023 is summarized as follows:

Description of Securities	March 31, 2024					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(Unaudited)					
U.S. Government agencies	$ —	$ —	$ 5,679,420	$ 320,580	$ 5,679,420	$ 320,580
Mortgage-backed Government Sponsored Enterprises (GSEs)	3,716,377	6,446	13,308,914	1,797,147	17,025,291	1,803,593
Collateralized mortgage obligations	40,870,750	440,623	1,769,424	41,492	42,640,174	482,115
Subordinated debt	—	—	841,680	158,320	841,680	158,320
State and political subdivisions	—	—	3,887,213	664,597	3,887,213	664,597
Total available-for-sale securities	$ 44,587,127	$ 447,069	$ 25,486,651	$ 2,982,136	$ 70,073,778	$ 3,429,205

Description of Securities	June 30, 2023					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Government agencies	$ —	$ —	$ 5,528,100	$ 471,900	$ 5,528,100	$ 471,900
Mortgage-backed Government Sponsored Enterprises (GSEs)	17,561,545	278,848	11,312,858	1,874,262	28,874,403	2,153,110
Collateralized mortgage obligations	22,734,587	261,388	—	—	22,734,587	261,388
Subordinated debt	860,470	139,530	—	—	860,470	139,530
State and political subdivisions	448,750	8,324	3,432,615	672,020	3,881,365	680,344
Total available-for-sale securities	$ 41,605,352	$ 688,090	$ 20,273,573	$ 3,018,182	$ 61,878,925	$ 3,706,272

U.S. Government Agencies and State and Political Subdivisions and Subordinated Debt

Unrealized losses on these securities have not been recognized into income because the issuers' bonds are of high credit quality, values have only been impacted by changes in interest rates since the securities were purchased, and the Company has the intent and ability to hold the securities for the foreseeable future. The fair value is expected to recover as the bonds approach the maturity date.

Mortgage-backed GSE's, Collateralized Mortgage Obligations

Unrealized losses on these securities have not been recognized into income because the unrealized losses were caused by changes in interest rates and illiquidity, and not credit quality. The Company has the intent and ability to hold the securities for the foreseeable future. The fair value is expected to recover as the bonds approach the maturity date and the Company expects to recover the amortized cost basis over the term of the securities.

Note 4: Loans and Allowance for Credit Losses

Categories of loans at March 31, 2024 and June 30, 2023 include:

	March 31, 2024 (Unaudited)	June 30, 2023
Real estate loans:		
Commercial	$ 7,970,138	$ 6,009,615
Residential	68,044,047	65,857,446
Multifamily	664,639	688,393
Agricultural	4,356,527	4,044,648
Construction and land	16,122,096	8,567,060
Home equity line of credit (HELOC)	1,206,379	355,296
Commercial and industrial	7,969,794	3,398,557
Consumer	973,533	801,476
Total loans	107,307,153	89,722,491
Less:		
Undisbursed loans in process	1,202,541	8,202,918
Net deferred loan fees	100,509	47,756
Allowance for credit losses	601,451	263,422
Net loans	$ 105,402,652	$ 81,208,395

The following tables present the activity in the allowance for credit losses based on portfolio segment for the three and nine months ended March 31, 2024 and 2023.

	Balance December 31, 2023	Provision (credit) for loan losses	Charge-offs (Unaudited)	Recoveries	Balance March 31, 2024
Real estate loans:					
Commercial	$ 79,337	$ (9,602)	$ —	$ —	$ 69,735
Residential	208,364	744	—	—	209,108
Multifamily	1,555	(24)	—	—	1,531
Agricultural	13,530	1,492	—	—	15,022
Construction and land	121,302	67,521	—	—	188,823
HELOC	2,121	808	—	—	2,929
Commercial and industrial	88,964	10,994	—	—	99,958
Consumer	14,299	46	—	—	14,345
Total	$ 529,472	$ 71,979	$ —	$ —	$ 601,451

	Balance December 31, 2022	Provision (credit) for loan losses	Charge-offs (Unaudited)	Recoveries	Balance March 31, 2023
Real estate loans:					
Commercial	$ 19,122	$ (931)	$ —	$ —	$ 18,191
Residential	173,473	1,885	—	—	175,358
Multifamily	1,844	24	—	—	1,868
Agricultural	17,575	(606)	—	—	16,969
Construction and land	7,659	(422)	—	—	7,237
HELOC	1,018	20	—	—	1,038
Commercial and industrial	1,176	14	—	—	1,190
Consumer	1,017	16	—	—	1,033
Total	$ 222,884	$ —	$ —	$ —	$ 222,884

	Balance June 30, 2023	Adoption of ASC 326	Provision (credit) for loan losses	Charge-offs (Unaudited)	Recoveries	Balance March 31, 2024
Real estate loans:						
Commercial	$ 27,379	$ (2,203)	$ 44,559	$ —	$ —	$ 69,735

Residential	167,714	41,930	(536)	—	—	209,108
Multifamily	1,786	(9)	(246)	—	—	1,531
Agricultural	17,091	(1,196)	(873)	—	—	15,022
Construction and land	12,491	10,144	166,188	—	—	188,823
HELOC	34,779	(33,888)	2,038	—	—	2,929
Commercial and industrial	882	31,562	67,514	—	—	99,958
Consumer	1,300	455	12,590	—	—	14,345
Total	$ 263,422	$ 46,795	$ 291,234	$ —	$ —	$ 601,451

	Balance June 30, 2022	**Provision (credit) for loan losses**	**Charge-offs**	**Recoveries**	**Balance March 31, 2023**
			(Unaudited)		
Real estate loans:					
Commercial	$ 20,643	$ (2,452)	$ —	$ —	$ 18,191
Residential	177,830	(2,472)	—	—	175,358
Multifamily	1,926	(58)	—	—	1,868
Agricultural	13,868	3,101	—	—	16,969
Construction and land	5,477	1,760	—	—	7,237
HELOC	1,306	(268)	—	—	1,038
Commercial and industrial	709	481	—	—	1,190
Consumer	1,125	(92)	—	—	1,033
Total	$ 222,884	$ —	$ —	$ —	$ 222,884

At March 31, 2024, the Company maintained a reserve for unfunded loan commitments totaling $35,363, which is included in accrued interest payable and other liabilities on the accompanying consolidated balance sheet. As a part of the adoption of ASU No. 2016-13, the Company recorded an initial adjustment to the reserve for unfunded loan commitments of $20,503. The provision for credit losses on unfunded loan commitments totaled $11,785 and $14,860 for the three and nine months ended March 31, 2024.

The following tables present the balance in the allowance for credit losses and the recorded investment in loans based on portfolio segment as of March 31, 2024 and June 30, 2023:

	Allowance for credit losses		**Loans**	
	Individually	**Collectively**	**Individually**	**Collectively**
		(Unaudited)		
March 31, 2024				
Real estate loans:				
Commercial	$ —	$ 69,735	$ —	$ 7,970,138
Residential	—	209,108	506,945	67,181,705
Multifamily	—	1,531	—	664,639
Agricultural	—	15,022	—	4,356,527
Construction and land	—	188,823	36,406	15,238,546
HELOC	—	2,929	—	1,206,379
Commercial and industrial	—	99,958	—	7,969,794
Consumer	12,372	1,973	44,780	928,753
Total	$ 12,372	$ 589,079	$ 588,131	$ 105,516,481

	Allowance for credit losses		**Loans**	
	Individually	**Collectively**	**Individually**	**Collectively**
June 30, 2023				
Real estate loans:				
Commercial	$ —	$ 27,379	$ —	$ 6,009,615
Residential	7	167,714	304,096	65,553,350
Multifamily	—	1,786	—	688,393
Agricultural	—	17,091	—	4,044,648
Construction and land	—	12,491	—	8,567,060
HELOC	—	34,779	—	355,296
Commercial and industrial	—	882	—	3,398,557
Consumer	—	1,300	—	801,476
Total	$ 7	$ 263,422	$ 304,096	$ 89,418,395

The Company has adopted a standard loan grading system for all non-residential real estate loans loans. Loan grades are numbered 1 through 8. Grades 1 through 3 are considered satisfactory grades. The grade of 4, Monitor, represents loans requiring more than normal attention. The grade of 5, Special Mention, represents loans of lower quality and is considered criticized. The grades of 6, or Substandard, and 7, Doubtful, refer to loans that are classified.

Pass (1-3) Loans of reasonable credit strength and repayment ability providing a satisfactory credit risk.

Monitor (4) Loans requiring more than normal attention resulting from underwriting weaknesses as to repayment terms, loan structure, financial and/or documentation exceptions.

Special Mention (5) Loans which may include the characteristics of the Monitor classification, problems that need to be addresses by both the lender and the borrower.

Substandard (6) Loans which may include the characteristics of the Special Mention classification, but also reflects financial and other problems that might result in some loss at a future date and/or reliance upon collateral for ultimate collection.

Doubtful (7) Loans for which some loss is anticipated, but the timing and amount of the loss is not definite.

Loss (8) Loans considered non-bankable assets which may or may not have some salvage value.

Internally prepared loan gradings for commercial loans are updated at least annually. Residential real estate and hom equity lines of credit are generally evaluated based on whether or not the loan is performing according to the contractual terms of the loans as of the consolidated balance sheet date.

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

Commercial Real Estate

These loans include commercial real estate and residential real estate secured by property with five or more units. The main risks are changes in the value of the collateral, ability of borrowers to collect rents, vacancy and changes in the tenants' employment status. Management specifically considers unemployment and changes in real estate values in the Company's market area.

Residential Real Estate

These loans include first liens and junior liens on 1-4 family residential real estate (both owner and non-owner occupied). The main risks for these loans are changes in the value of the collateral and stability of the local economic environment and its impact on the borrowers' employment. Management specifically considers unemployment and changes in real estate values in the Company's market area.

Multifamily

These loans include loans on residential real estate secured by property with five or more units. The main risks are changes in the value of collateral, ability of borrowers to collect rents, vacancy and changes in the tenants' employment status. Management specifically considers unemployment and changes in real estate values in the Company's market area.

Agriculture Real Estate

These loans include loans on farm ground, vacant land for development and loans on commercial real estate. The main risks are changes in the value of the collateral and changes in the economy or borrowers' business operations. Management specifically considers unemployment and changes in real estate values in the Company's market area.

Construction and Land Real Estate

These loans include construction loans for 1-4 family residential and commercial properties (both owner and non-owner occupied) and first liens on land. The main risks for construction loans include uncertainties in estimating costs of construction and in estimating the market value of the completed project. The main risks for land loans are changes in the value of the collateral and stability of the local economic environment. Management specifically considers unemployment and changes in real estate values in the Company's market area.

HELOC

These loans are generally secured by owner-occupied 1-4 family residences. The main risks for these loans are changes in the value of the collateral and stability of the local economic environment and its impact on the borrowers' employment. Management specifically considers unemployment and changes in real estate values in the Company's market area.

Commercial and Industrial

The commercial and industrial portfolio includes loans to commercial customers for use in financing working capital needs, equipment purchases and expansions. The loans in this category are repaid primarily from the cash flow of a borrower's principal business operation. Credit risk in these loans is driven by creditworthiness of the borrower and the economic conditions that impact the cash flow stability from business operations. Commercial and industrial loans considered collateral dependent are primarily secured by accounts receivable, inventory, equipment and real estate.

Consumer Loans

These loans include vehicle loans, share loans and unsecured loans. The main risks for these loans are the depreciation of the collateral values (vehicles) and the financial condition of the borrowers. Major employment changes are specifically considered by management. Some consumer loans are unsecured and have no underlying collateral.

The following table reflects loan balances as of March 31, 2024 based on year of origination:

	2024	2023	2022	2021	2020	Prior	Revolving Loans Amortized Cost Basis	Total
March 31, 2024 (Unaudited)								
Commercial								
Pass (1-3)	$ 2,739,397	$ 1,096,170	$ 1,473,363	$ 349,845	$ 300,606	$ 2,010,757	$ —	$ 7,970,138
Monitor (4)	—	—	—	—	—	—	—	—
Special Mention (5)	—	—	—	—	—	—	—	—
Substandard (6)	—	—	—	—	—	—	—	—
Doubtful (7)	—	—	—	—	—	—	—	—
Total commercial	$ 2,739,397	$ 1,096,170	$ 1,473,363	$ 349,845	$ 300,606	$ 2,010,757	$ —	$ 7,970,138
Gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Multifamily								
Pass (1-3)	$ —	$ —	$ 664,639	$ —	$ —	$ —	$ —	$ 664,639
Monitor (4)	—	—	—	—	—	—	—	—
Special Mention (5)	—	—	—	—	—	—	—	—
Substandard (6)	—	—	—	—	—	—	—	—
Doubtful (7)	—	—	—	—	—	—	—	—
Total multifamily	$ —	$ —	$ 664,639	$ —	$ —	$ —	$ —	$ 664,639
Gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Agricultural								
Pass (1-3)	$ 628,000	$ 1,101,510	$ 929,590	$ 635,680	$ 278,000	$ 568,526	$ —	$ 4,141,306
Monitor (4)	—	—	—	—	—	215,221	—	215,221
Special Mention (5)	—	—	—	—	—	—	—	—
Substandard (6)	—	—	—	—	—	—	—	—
Doubtful (7)	—	—	—	—	—	—	—	—
Total agricultural	$ 628,000	$ 1,101,510	$ 929,590	$ 635,680	$ 278,000	$ 783,747	$ —	$ 4,356,527
Gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Construction and land								
Pass (1-3)	$ 9,645,540	$ 4,220,325	$ 2,219,825	$ —	$ —	$ —	$ —	$ 16,085,690
Monitor (4)	—	—	—	—	—	—	—	—

Special Mention (5)	—	—	—	—	—	—	—	—
Substandard (6)	—	—	—	—	—	36,406	—	36,406
Doubtful (7)	—	—	—	—	—	—	—	—
Total construction and land	$ 9,645,540	$ 4,220,325	$ 2,219,825	$ —	$ —	$ 36,406	$ —	$ 16,122,096
Gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial and industrial								
Pass (1-3)	$ 7,500,840	$ 180,527	$ —	$ —	$ 288,427	$ —	$ —	$ 7,969,794
Monitor (4)	—	—	—	—	—	—	—	—
Special Mention (5)	—	—	—	—	—	—	—	—
Substandard (6)	—	—	—	—	—	—	—	—
Doubtful (7)	—	—	—	—	—	—	—	—
Total commercial and industrial	$ 7,500,840	$ 180,527	$ —	$ —	$ 288,427	$ —	$ —	$ 7,969,794
Gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Consumer								
Pass (1-3)	$ 360,114	$ 311,522	$ 151,108	$ 36,074	$ 14,670	$ 78,388	$ —	$ 951,876
Monitor (4)	—	—	—	—	—	—	—	—
Special Mention (5)	—	—	—	—	—	—	—	—
Substandard (6)	—	21,657	—	—	—	—	—	21,657
Doubtful (7)	—	—	—	—	—	—	—	—
Total consumer	$ 360,114	$ 333,179	$ 151,108	$ 36,074	$ 14,670	$ 78,388	$ —	$ 973,533
Gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Residential								
Performing	$ 6,477,469	$ 5,813,702	$ 14,545,292	$ 16,953,583	$ 8,123,742	$ 15,210,114	$ 413,200	$ 67,537,102
Nonperforming	—	145,502	46,840	—	—	314,603	—	506,945
Total residential	$ 6,477,469	$ 5,959,204	$ 14,592,132	$ 16,953,583	$ 8,123,742	$ 15,524,717	$ 413,200	$ 68,044,047
Gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
HELOC								
Performing	$ 775,814	$ 32,709	$ 148,908	$ 73,695	$ 53,842	$ 121,411	$ —	$ 1,206,379
Nonperforming	—	—	—	—	—	—	—	—
Total HELOC	$ 775,814	$ 32,709	$ 148,908	$ 73,695	$ 53,842	$ 121,411	$ —	$ 1,206,379
Gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

Information regarding the credit quality indicators most closely monitored for other than residential real estate loans by class as of June 30, 2023 follows:

	Pass	Monitor	Special Mention	Substandard	Doubtful	Total
June 30, 2023						
Real estate loans:						
Commercial	$ 5,868,689	$ 140,926	$ —	$ —	$ —	$ 6,009,615
Multifamily	688,393	—	—	—	—	688,393
Agricultural	3,822,067	222,581	—	—	—	4,044,648
Construction and land	5,254,192	3,274,936	—	37,932	—	8,567,060
Commercial and industrial	3,398,557	—	—	—	—	3,398,557
Consumer	801,476	—	—	—	—	801,476
Total loans	$ 19,833,374	$ 3,638,443	$ —	$ 37,932	$ —	$ 23,509,749

The following tables present the credit risk profile of the Company's residential real estate loan portfolio based on internal rating category and payment activity as of June 30, 2023:

	Performing	Nonperforming	Total
June 30, 2023			
Real estate loans:			
Residential	$ 65,553,350	$ 304,096	$ 65,857,446
HELOC	355,296	—	355,296
Total	$ 65,908,646	$ 304,096	$ 66,212,742

The Company evaluates the loan risk grading system definitions and allowance for credit losses methodology on an ongoing basis. No significant changes were made to either during the quarter ended March 31, 2024.

The following tables present the Company's loan portfolio aging analysis of the recorded investment in loans as of March 31, 2024 and June 30, 2023:

	March 31, 2024						
	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days Past Due	Total Past Due	Current	Total Loans Receivable	Total Loans > 90 Days & Accruing
	(Unaudited)						
Real estate loans:							
Commercial	$ 229,387	$ —	$ —	$ 229,387	$ 7,740,751	$ 7,970,138	$ —
Residential	1,487,891	—	81,504	1,569,395	66,474,652	68,044,047	—
Multifamily	—	—	—	—	664,639	664,639	—
Agricultural	—	—	—	—	4,356,527	4,356,527	—
Construction and land	36,406	—	—	36,406	16,085,690	16,122,096	—
HELOC	—	—	—	—	1,206,379	1,206,379	—
Commercial and industrial	—	—	—	—	7,969,794	7,969,794	—
Consumer	9,063	—	44,399	53,462	920,071	973,533	—
Total	$ 1,762,747	$ —	$ 125,903	$ 1,888,650	$ 105,418,503	$ 107,307,153	$ —

	June 30, 2023						
	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days Past Due	Total Past Due	Current	Total Loans Receivable	Total Loans > 90 Days & Accruing
Real estate loans:							
Commercial	$ —	$ —	$ —	$ —	$ 6,009,615	$ 6,009,615	$ —
Residential	—	616,352	117,395	733,747	65,123,699	65,857,446	—
Multifamily	—	—	—	—	688,393	688,393	—
Agricultural	—	—	—	—	4,044,648	4,044,648	—
Construction and land	—	—	—	—	8,567,060	8,567,060	—
HELOC	—	—	—	—	355,296	355,296	—
Commercial and industrial	—	—	—	—	3,398,557	3,398,557	—
Consumer	—	—	—	—	801,476	801,476	—
Total	$ —	$ 616,352	$ 117,395	$ 733,747	$ 88,988,744	$ 89,722,491	$ —

Information regarding collateral dependent loans as of March 31, 2024 is as follows:

	As of March 31, 2024	
	Recorded Investment	Related Allowance
	(Unaudited)	
Real estate		
Commercial	$ —	$ —
Residential	—	—
Multifamily	—	—
Agricultural	—	—
Construction and land	—	—
Home equity line of credit (HELOC)	—	—
Commercial and industrial	—	—
Consumer	22,037	12,372
Totals	$ 22,037	$ 12,372

Information about impaired loans as of and for the three and nine months ended March 31, 2023 and as of and for the year ended June 30, 2023 is as follows:

	As of and for the year ended June 30, 2023				
	Recorded Balance	Unpaid Principal Balance	Specific Allowance	Average Balance of Impaired Loans	Interest Income Recognized
Loans without a specific valuation allowance:					
Real estate					
Residential	$ 243,764	$ 243,764	$ —	$ 248,057	$ 7,456
Loans with a specific valuation allowance:					
Real estate					
Residential	60,332	60,332	7	61,670	3,886
Totals	$ 304,096	$ 304,096	$ 7	$ 309,727	$ 11,342

	Three Months Ended March 31, 2023		Nine Months Ended March 31, 2023	
	Average Balance of Impaired Loans	Interest Income Recognized	Average Balance of Impaired Loans	Interest Income Recognized
	(Unaudited)		(Unaudited)	
Loans without a specific valuation allowance:				
Real estate				
Residential	$ 204,386	$ 2,262	$ 205,646	$ 5,136
Construction and land	38,823	216	38,823	216
Loans with a specific valuation allowance:				
Real estate				
Residential	52,039	1,375	62,373	2,094
Totals	$ 295,248	$ 3,853	$ 306,842	$ 7,446

Information regarding nonaccrual loans as of March 31, 2024 and June 30, 2023 is as follows:

March 31, 2024 (Unaudited)	Nonaccrual Loans With No Allowance for Credit Losses	Nonaccrual Loans With an Allowance for Credit Losses	Total Nonaccrual Loans	Total Nonaccrual Loans at Beginning of Year	Interest Income Recognized on Nonaccrual Loans	Amortized Cost Basis of Loans 90+ Days Past Due Not on Nonaccrual
Real estate loans:						
Commercial	$ —	$ —	$ —	$ —	$ —	$ —
Residential	506,945	—	506,945	304,096	—	—
Multifamily	—	—	—	—	—	—
Agricultural	—	—	—	—	—	—
Construction and land	36,406	—	36,406	—	—	—
Home equity line of credit (HELOC)	—	—	—	—	—	—
Commercial and industrial	—	—	—	—	—	—
Consumer	22,743	22,037	44,780	—	—	—
Total	$ 566,094	$ 22,037	$ 588,131	$ 304,096	$ —	$ —

There was no accrued interest written off by reversing interest income for the three and nine months ended March 31, 2024 and 2023.

During the nine months ended March 31, 2024, there were no significant modifications of loans to borrowers who were experiencing financial difficulty. The Company did not provide any modifications under these circumstances to borrowers. There were no significant loans modified in a troubled debt restructuring during the nine months ended March 31, 2023 and there were no troubled debt restructurings modified in the past 12 months that subsequently defaulted for the nine months ended March 31, 2023.

Note 5: Capital and Regulatory Matters

The Company 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 financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company must meet specific capital guidelines that involve quantitative measures of the Company's assets, liabilities and certain off-balance-sheet items as calculated under U.S. GAAP reporting requirements and regulatory capital standards. The Company's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors. Furthermore, the Company's regulators could require adjustments to regulatory capital not reflected in these financial statements.

On November 13, 2019, the federal regulators finalized and adopted a regulatory capital rule establishing a new community bank leverage ratio (CBLR), which became effective on January 1, 2020. The intent of the CBLR is to provide a simple alternative measure of capital adequacy for electing qualifying depository institutions and depository institution holding companies, as directed under the Economic Growth, Regulatory Relief, and Consumer Protection Act. If a qualifying depository institution, or depository institution holding company, elects to use such measure, such institution or holding company will be considered well capitalized if its ratio of Tier 1 capital to average total consolidated assets (i.e., leverage ratio) exceeds 9 percent, subject to a limited two quarter grace period, during which the leverage ratio cannot go 100 basis points below the then applicable threshold, and will not be required to calculate and report risk-based capital ratios. The Company's CBLR was 13.29 percent and 22.69 percent as of March 31, 2024 and June 30, 2023, respectively. Management believes, as of March 31, 2024 and June 30, 2023, that the Company met all capital adequacy requirements to which it is subject.

Share Repurchase Program

On February 20, 2024, the board of directors of the Company authorized a share repurchase program of up to $600,000 of the Company's common stock. The share repurchase program does not require the Company to acquire any specific number of shares and may be modified, suspended, extended or terminated by the Company at any time without prior notice. During the three months ended March 31, 2024, the Company repurchased 36,800 shares of its common stock at an average cost per share of $16.25. As of March 31, 2024, the Company had $2,000 remaining available to repurchase under the share repurchase program.

Note 6: Disclosures about Fair Value of Assets and Liabilities

Fair value is the exchange price that would be received to sell an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Fair value measurements 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 (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

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

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

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 March 31, 2024 and June 30, 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)
March 31, 2024 (Unaudited)				
U.S. Government agencies	$ 5,679,420	$ —	$ 5,679,420	$ —
Mortgage-backed GSEs	28,970,490	—	28,970,490	—
Collateralized mortgage obligations	91,805,985	—	91,805,985	—
Subordinated debt	2,591,680	—	2,591,680	—
State and political subdivisions	3,887,213	—	3,887,213	—
June 30, 2023				
U.S. Government agencies	$ 6,529,510	$ —	$ 6,529,510	$ —
Mortgage-backed GSEs	28,929,259	—	28,929,259	—
Collateralized mortgage obligations	30,384,590	—	30,384,590	—
Subordinated debt	860,470	—	860,470	—
State and political subdivisions	3,881,365	—	3,881,365	—

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying 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 nine months ended March 31, 2024 and for the year ended June 30, 2023.

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. The Company had no Level 3 securities.

At March 31, 2024 and June 30, 2023, the Company had one loan measured at fair value with a carrying value of $9,665 and $60,000, respectively, which are classified within Level 3 of the fair value hierarchy. The fair value of the loan is estimated using third-party appraisals of the collateral, less estimated costs to sell.

The estimated fair values of the Company’s financial instruments not carried at fair value on the consolidated balance sheets at March 31, 2024 and June 30, 2023 are as follows:

	Carrying Value	Fair Value	Fair Value Measurements Using		
			(Level 1)	(Level 2)	(Level 3)
March 31, 2024 (Unaudited)					
Financial assets:					
Cash and due from banks	$ 20,543,197	$ 20,543,197	$ 20,543,197	$ —	$ —
Loans, net	105,402,652	95,489,923	—	—	95,489,923
Stock in correspondent banks	1,913,800	1,913,800	—	1,913,800	—
Accrued interest receivable	897,824	897,824	897,824	—	—
Financial liabilities:					
Deposits	206,690,069	207,347,388	71,733,388	—	135,614,000
Borrowings	24,000,000	23,846,000	—	—	23,846,000
Accrued interest payable	517,227	517,227	517,227	—	—
June 30, 2023					
Financial assets:					
Cash and due from banks	$ 5,515,728	$ 5,515,728	$ 5,515,728	$ —	$ —
Loans, net	81,208,395	73,268,657	—	—	73,268,657
Stock in correspondent banks	396,800	396,800	—	396,800	—
Accrued interest receivable	498,807	498,807	498,807	—	—
Financial liabilities:					
Deposits	119,991,581	120,415,085	68,571,085	—	51,844,000
Borrowings	6,200,000	6,191,000	—	—	6,191,000
Accrued interest payable	55,667	55,667	55,667	—	—

Limitations: Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Company's entire holdings of a particular financial instrument. Fair value estimates may not be realizable in an immediate settlement of the instrument. In some instances, there are no quoted market prices for the Company's various financial instruments, in which case fair values may be based on estimates using present value or other valuation techniques, or based on judgments regarding future expected loss experience, current economic conditions, risk characteristic of the financial instruments, or other factors. Those techniques are significantly affected by the assumptions used, including the discount rate and estimate of future cash flows. Subsequent changes in assumptions could significantly affect the estimates.

Note 7: Commitments

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.

Commitments outstanding at March 31, 2024 and June 30, 2023 were as follows:

	March 31, 2024	June 30, 2023
Commitments to originate loans	$ 441,304	$ 7,028,000
Undisbursed balance of loans closed	21,724,574	3,994,000
Total	$ 22,165,878	$ 11,022,000

Note 8: Stock Based Compensation

In November 2023, the Company's shareholders approved the VWF Bancorp, Inc. 2023 Equity Incentive Plan (the "2023 Plan"). The 2023 Plan authorized the issuance or delivery to participants of up to 269,208 shares of the Company's common stock pursuant to the grants of restricted stock awards, restricted stock unit awards, incentive stock options and non-qualified stock options. Of this number, the maximum number of shares of Company common stock that may be issued under the 2023 Plan pursuant to the exercise of stock options is 192,292 shares and the maximum number of shares of Company common stock that may be issued as restricted stock awards or restricted stock units is 76,916. Shares subject to award under the 2023 Plan may be authorized but unissued shares or treasury shares.

Awards may vest or become exercisable only upon the achievement of performance measures or based solely on the passage of time after award. Stock options and restricted stock awards provide for accelerated vesting if there is a change in control (as defined in the 2023 Plan).

Stock Options

The Company estimates the fair value of each option granted using the Black-Scholes option pricing model. The following key management assumptions were used to value the options granted during the three months ended March 31, 2024:

	2024
Expected volatility	20.27%
Expected dividends	1.50%
Expected term (in years)	6.50
Risk-free rate	4.12%

The following table summarizes stock option activity for the periods indicated:

	Shares	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding, June 30, 2023	—	$ —	$ —	—	$ —
Granted	10,000	16.25	4.07	9.92	—
Exercised	—	—	—	—	—
Forfeited or expired	—	—	—	—	—
Nonvested shares, March 31, 2024	10,000	$ 16.25	$ 4.07	9.92	$ —
Exercisable, March 31, 2024	—	$ —	$ —	—	$ —

Restricted Stock Awards

A summary of the status of the Company's unvested shares as of March 31, 2024, and changes during the period then ended, is presented below:

	Shares		Weighted Average Grant Date Fair Value
Nonvested shares, June 30, 2023	—	$	—
Awarded	28,841		16.39
Vested	—		—
Forfeited	—		—
Nonvested shares, March 31, 2024	28,841	$	16.39

As of March 31, 2024, there was approximately $483,000 of total unrecognized compensation cost related to unvested share-based compensation arrangements granted under the 2023 Plan. That cost is expected to be recognized over a weighted-average period of 2.8 years. During the three and nine months ended March 31, 2024, the Company has recorded $30,000 in award-based compensation expense, which is included in salaries and employee benefits and director fees.

Note 9: ESOP

In connection with the Conversion, the Company established an Employee Stock Ownership Plan ("ESOP") for the exclusive benefit of eligible employees. The Company makes annual contributions to the ESOP in amounts as defined by the plan document. These contributions are used to pay debt service. Certain ESOP shares are pledged as collateral for debt. As the debt is repaid, shares are released from collateral and allocated to active employees, based on the proportion of debt service paid in the year.

In connection with the Company's initial public stock offering, the ESOP borrowed $1.5 million from the Company for the purpose of purchasing shares of the Company's common stock. A total of 153,834 shares were purchased with the loan proceeds. Accordingly, common stock acquired by the ESOP is shown as a reduction of shareholders' equity. The loan is expected to be repaid over a period of up to 20 years.

The annual contribution to the ESOP was made in December 2023, as loan payments are made annually in December of each year. Compensation expense is recognized over the service period based on the average fair value of the shares and totaled $88,000 and $135,000 for the nine months ended March 31, 2024 and 2023, respectively.

At March 31, 2024, there were 7,692 shares allocated to participants, 9,615 shares committed to be released to participants and 136,527 unallocated shares. The fair value of unallocated ESOP shares totaled $2.1 million at March 31, 2024.

Note 10: Defined Benefit Plan

In connection with the withdrawal from the Pentegra Plan effective January 1, 2023, the Company established the Van Wert Federal Savings Bank Defined Benefit Plan (the "DB Plan") as a qualified successor plan. As permitted under the DB Plan, the Company elected to terminate the DB Plan effective July 1, 2023. Pursuant to the DB Plan termination, all obligations due to the DB Plan participants will be satisfied during the year ended June 30, 2024. The difference in the amount recorded and the actual expense could be material. During the three months ended March 31, 2024, payments for annuitization and lump sum elections began. At March 31, 2024, the underfunded status of the plan was approximately $297,000. The $297,000 is expected to be the last required contribution for the termination of the plan. Payment was made in April 2024. The $297,000 liability is included in other liabilities in the consolidated balance sheets.

Note 11: Borrowings

At March 31, 2024, the Company had outstanding borrowings from the Federal Reserve Bank - Bank Term Funding Program of $24,000,000, at a fixed rate of 4.76 percent, which are scheduled to mature in January 2025.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

General

Management's discussion and analysis of financial condition and results of operations is intended to assist in understanding the Company's consolidated financial condition at March 31, 2024 and consolidated results of operations for the three and nine months ended March 31, 2024 and 2023. It should be read in conjunction with the unaudited consolidated financial statements and the related notes appearing in Part I, Item 1, of this Quarterly Report on Form 10-Q.

Cautionary Note Regarding Forward-Looking Statements

This quarterly report contains forward-looking statements, which can be identified by the use of words such as "estimate," "project," "believe," "intend," "anticipate," "assume," "plan," "seek," "expect," "will," "may," "should," "indicate," "would," "believe," "contemplate," "continue," "target" and words of similar meaning. These forward-looking statements include, but are not limited to:

- statements of our goals, intentions and expectations;
- statements regarding our business plans, prospects, growth and operating strategies;
- statements regarding the asset quality of our loan and investment portfolios; and
- estimates of our risks and future costs and benefits.

These forward-looking statements are based on our current beliefs and expectations and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change.

The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements:

- general economic conditions, either nationally or in our market area, which are worse than expected;
- inflation and changes in the interest rate environment that reduce our margins and yields, the fair value of our financial instruments, or our level of loan originations, or increase the level of defaults, losses and prepayments within our loan portfolio;
- changes in the level and direction of loan delinquencies and write-offs and changes in estimates of the adequacy of the allowance for credit losses;
- our ability to access cost-effective funding;
- fluctuations in real estate values and in the conditions of the residential real estate, commercial real estate, and agricultural real estate markets;
- our ability to control cost and expenses, particularly those associated with operating a publicly traded company;
- demand for loans and deposits in our market area;
- our ability to implement and change our business strategies;
- competition among depository and other financial institutions;
- adverse changes in the securities markets;
- changes in laws or government regulations or policies affecting financial institutions, including changes in regulatory fees, capital requirements and insurance premiums;

- changes in the quality or composition of our loan or investment portfolios;
- technological changes that may be more difficult or expensive than expected;
- the inability of third-party providers to perform as expected;
- a failure or breach of our operational or information security systems or infrastructure, including cyberattacks;
- our ability to manage market risk, credit risk and operational risk;
- our ability to enter new markets successfully and capitalize on growth opportunities;
- changes in consumer spending, borrowing and savings habits;
- changes in accounting policies and practices, as may be adopted by the bank regulatory agencies, the Financial Accounting Standards Board, the Securities and Exchange Commission or the Public Company Accounting Oversight Board;
- our ability to retain key employees;
- material weakness or significant deficiency in our internal controls over financial reporting;
- our ability to control costs when hiring employees in a highly competitive environment; and
- changes in the financial condition, results of operations or future prospects of issuers of securities that we own.

Because of these and a wide variety of other uncertainties, our actual future results may be materially different from the results indicated by these forward-looking statements.

Critical Accounting Policies and Use of Critical Accounting Estimates

The discussion and analysis of the financial condition and results of operations are based on our financial statements, which are prepared in conformity with GAAP. The preparation of these financial statements requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of income and expenses. We consider the accounting policies discussed below to be critical accounting policies. The estimates and assumptions that we use are based on historical experience and various other factors and are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions, resulting in a change that could have a material impact on the carrying value of our assets and liabilities and our results of operations.

The Jumpstart Our Business Startups Act (JOBS Act) contains provisions that, among other things, reduce certain reporting requirements for qualifying public companies. As an “emerging growth company” we may delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. We have opted to take advantage of the benefits of this extended transition period. Accordingly, our financial statements may not be comparable to companies that comply with such new or revised accounting standards.

The following are our critical accounting policies:

Allowance for Credit Losses. The allowance for credit losses is the estimated amount considered necessary to cover inherent, but unconfirmed, credit losses in the loan portfolio at the balance sheet date. The allowance is established through the provision for losses on loans which is charged against income. In determining the allowance for credit losses, management makes significant estimates and has identified this policy as one of our most critical accounting policies. See Note 1 within the Consolidated Financial Statements for further discussion of this critical accounting policy.

Deferred Tax Assets. We use the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets are reduced by a valuation allowance when it is more likely than not that some portion of the deferred tax asset will not be realized.

We exercise significant judgment in evaluating the amount and timing of recognition of the resulting tax liabilities and assets. These judgments require us to make projections of future taxable income. The judgments and estimates we make in determining our deferred tax assets, which are inherently subjective, are reviewed on a continual basis as regulatory and business factors change. Determining the proper valuation allowance for deferred taxes is critical in properly valuing the deferred tax asset and the related recognition of income tax expense or benefit. Any reduction in estimated future taxable income may require us to record a valuation allowance against our deferred tax assets.

Fair Value Measurements. The fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Van Wert Federal estimates the fair value of a financial instrument and any related asset impairment using a variety of valuation methods. Where financial instruments are actively traded and have quoted market prices, quoted market prices are used for fair value. When the financial instruments are not actively traded, other observable market inputs, such as quoted prices of securities with similar characteristics, may be used, if available, to determine fair value. When observable market prices do not exist, we estimate fair value. These estimates are subjective in nature and imprecision in estimating these factors can impact the amount of gain or loss recorded.

Comparison of Financial Condition at March 31, 2024 and June 30, 2023

Total Assets. Total assets were $271.3 million at March 31, 2024, an increase of $105.3 million, or 63.4%, from June 30, 2023. The increase is part of a concerted effort by management to add higher yielding variable rate interest earning assets using fixed rate funding to offset the liability sensitive nature of the balance sheet at the prior calendar year end of December 31, 2022. The increase was comprised mainly of $62.3 million in variable rate securities, $24.2 million in loans, and $15.0 million in cash.

Cash and Due from Banks. Cash and due from banks increased by $15.0 million, or 272.4%, to $20.5 million at March 31, 2024 from $5.5 million at June 30, 2023. The increase was due primarily to the timing between adding $37 million in brokered deposits in March 2024 and paying off existing FHLB advances with those funds.

Investment Securities. Investment securities increased $62.3 million, or 88.3%, to $132.9 million at March 31, 2024, from $70.6 million at June 30, 2023. Aggregate securities purchases of $99.4 million during the nine months ended March 31, 2024, were partially offset by $34.8 million of calls, maturities and repayments, sales of securities of $3.0 million, as well as a $563,000 increase in fair value of the securities over the period. The yield on investment securities was 5.7% for the nine months ended March 31, 2024, compared to 3.2% for the nine months ended March 31, 2023, reflecting the increase in market interest rates during the period, as well as the addition of higher yielding securities. The increase in investment securities is part of a forward-looking investment strategy to increase the number of variable rate investments financed by fixed rate deposit instruments, such as brokered certificates of deposits noted in the deposit section below, which will ultimately provide a more balanced interest rate risk profile.

The $563,000 increase in the fair value of the investment securities was primarily attributable to the variability in market interest rates. As market interest rates decrease, the fair value of the securities increases. The unrealized losses are recorded to shareholders' equity, net of tax, as management has determined that there are no credit quality concerns with the issuers of the securities and there is no intent to sell the securities and, as a result, the fair value is expected to recover as the securities approach their maturity dates.

Net Loans. Net loans increased by $24.2 million, or 29.8%, to $105.4 million at March 31, 2024, from $81.2 million at June 30, 2023. During the nine months ended March 31, 2024, loan originations totaled $28.1 million, comprised of $6.5 million of loans secured by one-to-four family residential real estate, $776,000 of HELOCs, $360,000 of consumer loans, $628,000 of agricultural, $9.6 million of construction and land loans, and $10.2 million of commercial and industrial loans. Increases in loan balances reflect our strategy to grow our loan portfolio, continuing to focus on owner-occupied one-to-four family residential real estate loans, while increasing our emphasis on commercial real estate loans and commercial and industrial loans. Management intends to continue to pursue growth in these loan segments in future periods.

Deposits. Deposits increased by $86.7 million, or 72.3%, to $206.7 million at March 31, 2024 from $120.0 million at June 30, 2023. Core deposits (defined as all deposits other than brokered deposits) increased $12.6 million, or 11.5%, to $122.6 million at March 31, 2024 from $110.0 million at June 30, 2023. Brokered Certificates of deposit increased $74.0 million, or 734.6%, to $84.1 million at March 31, 2024 from $10.1 million at June 30, 2023. Brokered certificates of deposit were added in increments of $17.0 million, August 2023, $20.2 million, in December 2023, and $37.1 million in March 2024. The brokered certificates of deposit issued in August 2023 include the optionality to prepay if interest rates decrease.

Shareholders' Equity. Shareholders' equity decreased $1.5 million, or -3.7%, to $37.0 million at March 31, 2024 from $38.5 million at June 30, 2023. Primarily a result of net loss of $1.4 million for the nine months ended March 31, 2024, which includes certain one-time expenses noted in the noninterest expense section below, a net tax effect on unrealized gains on securities of $388,000, treasury stock purchase of $598,000 and a $53,000 adjustment to retained earnings from the impact of adoption of ASC326, and partially offset by ESOP shares committed to be released.

Average Balances and Yields. The following table sets forth average balance sheets, average yields and costs, and certain other information for the periods indicated. No tax-equivalent yield adjustments have been made, as the effects are immaterial. Average balances are calculated using month-end average balances, rather than daily average balances. We believe the use of month-end average balances is representative of our operations. Non-accrual loans are included in average balances only. Average yields include the effect of deferred fees, discounts, and premiums that are amortized or accreted to interest income or interest expense. Deferred loan fees are immaterial.

	For the Three Months Ended March 31,					
	2024			2023		
	Average Outstanding Balance	Interest	Yield/ Rate	Average Outstanding Balance	Interest	Yield/ Rate
Interest-earning assets:						
Loans	$ 102,491	$ 1,243	4.85 %	$ 82,162	$ 714	3.48 %
Investment securities	129,587	1,930	5.96	43,331	350	3.23
Interest-bearing deposits and other	18,070	143	3.15	22,263	241	4.33
Total interest-earning assets	250,148	3,315	5.30	147,756	1,305	3.53
Non-interest-earning assets	3,972			3,665		
Allowance for loan losses	(565)			(223)		
Total assets	$ 253,555			$ 151,198		
Interest-bearing liabilities:						
Interest-bearing demand	$ 24,446	$ 63	1.04 %	$ 25,786	$ 23	0.36 %
Savings accounts	43,090	166	1.54	46,013	9	0.08
Certificates of deposit	106,379	1,169	4.40	35,832	129	1.44
Total deposits	173,915	1,399	3.22	107,631	161	0.60
Borrowings	39,875	531	5.33	—	—	—
Total interest-bearing liabilities	213,790	1,930	3.61	107,631	161	0.60
Non-interest-bearing liabilities	2,304			20,697		
Total liabilities	216,094			128,328		
Equity	37,461			22,870		
Total liabilities and equity	$ 253,555			$ 151,198		
Net interest income		$ 1,385			$ 1,144	
Net interest rate spread (1)			1.69 %			2.93 %
Net interest-earning assets (2)	$ 36,358			$ 40,125		
Net interest margin (3)			2.21 %			3.10 %
Average interest-earning assets to interest-bearing liabilities	117.01 %			137.28 %		

(1) Net interest rate spread represents the difference between the weighted average yield on interest-earning assets and the weighted average rate of interest-bearing liabilities.
(2) Net interest-earning assets represent total interest-earning assets less total interest-bearing liabilities.
(3) Net interest margin represents net interest income divided by average total interest-earning assets.

Comparison of Operating Results for the Three Months Ended March 31, 2024 and 2023

General. Net loss for the three months ended March 31, 2024 was $619,000, a decrease of $709,000, or 787.2%, compared to net income of $90,000 for the three months ended March 31, 2023. The decrease in income was primarily due to a $1.0 million increase in noninterest expense that was partially offset by an increase in noninterest income of $241,000 While we continue to see incremental increases in our pre-provision net interest income as a result of the addition of higher yielding investment securities, we are still in the process of building out the balance sheet and adding organic interest earning assets funded with organic deposits.

Interest Income. Interest income increased $2.0 million, or 154.0%, to $3.3 million for the three months ended March 31, 2024, compared to $1.3 million for the three months ended March, 31, 2023. This increase was attributable to a $1.6 million, or 451.5%, increase in interest on investment securities and a $529,000, or 74.2%, increase in interest on loans, and is reflective of management's strategy to continue to add higher yielding interest earnings assets to the balance sheet.

The average balance of loans during the three months ended March 31, 2024, increased by $20.3 million, or 24.7%, from the average balance for the three months ended March 31, 2023, while the average yield on loans increased by 137 basis points to 4.85% for the three months ended March 31, 2024, from 3.48% for the three months ended March 31, 2023. The increase in average yield reflects the increases in market interest rates impacting the loan portfolio, as well as the addition of several higher yielding loans as the Company continues to add commercial loans to the portfolio.

The average balance of investment securities increased $86.3 million, or 199.1%, to $129.6 million for the three months ended March 31, 2024, from $43.3 million for the three months ended March 31, 2023, while the average yield on investment securities increased by 273 basis points to 5.96% for the three months ended March 31, 2024, from 3.23% for the three months ended March 31, 2023. This increase in yields resulted from the effects of management's purchasing of higher yielding securities beginning in March 2023.

The average balance of interest-bearing deposits and other, comprised of overnight deposits, stock in the Federal Home Loan Bank and Federal Reserve Bank and Bank Owned Life Insurance, decreased $4.2 million, or -18.8%, for the three months ended March 31, 2024, and the average yield decreased 118 basis points to 3.15% for the three months ended March 31, 2024, from 4.33% for the three months ended March 31, 2023.

Interest Expense. Total interest expense increased $1.8 million, or 1101.9%, to $1.9 million for the three months ended March 31, 2024, from $161,000 for the three months ended March 31, 2023. The increase was due to an increase of 262 basis points in the average cost of deposits to 3.22% for the three months ended March 31, 2024, from 0.60% for the three months ended March 31, 2023, reflecting how management has had to increase the offered rates to be competitive in efforts to maintain and grow deposits. The increase in interest expense also includes $531,000 for the three months ended March 31, 2024, related to advances from the Federal Home Loan Bank and the Federal Reserve Bank under the Bank Term Funding Program. There was no interest expense for advances for the three months ended March 31, 2023. The advances have been part of a strategic initiative to fund higher yielding assets to help offset net interest margin compression experienced throughout the industry as a result of higher interest rates

Net Interest Income. Net interest income increased $241,000, or 21.0%, to $1.4 million for the three months ended March 31, 2024, compared to $1.1 million for the three months ended March 31, 2023, while net interest margin decreased 89 basis points to 2.21% for the three months ended March 31, 2024, from 3.10% for the three months ended March 31, 2023.

Provision for Credit Losses. Based on an analysis of the factors described in "Critical Accounting Policies and Use of Critical Accounting Estimates – Allowance for Credit Losses," management concluded that a provision for credit losses of $84,000 on loans and off balance sheet credit exposures was required for the three months ended March 31, 2024. No provision was required for the three months ended March 31, 2023. The allowance for credit losses was $601,000 and $223,000 at March 31, 2024 and 2023, respectively, and represented 0.56% of total loans at March 31, 2024, and 0.28% of total loans at March 31, 2022. The determination over the adequacy of the allowance for credit losses was due primarily to new methodology from the adoption of ASC326.

Total nonperforming and substandard loans were $588,000 at March 31, 2024, compared to $263,000 at March 31, 2023. Total loans past due greater than 30 days were $1.8 million and $1.4 million at those respective dates. As a percentage of nonperforming and substandard loans, the allowance for credit losses was 102.2% at March 31, 2024, compared to 84.8% at March 31, 2023.

The allowance for credit losses reflects the estimate management believes to be appropriate to cover lifetime probable losses which were inherent in the loan portfolio at March 31, 2024 and 2023. While management believes the estimates and assumptions used in the

determination of the adequacy of the allowance are reasonable, such estimates and assumptions could be proven incorrect in the future, and the actual amount of future provisions may exceed the amount of past provisions. Furthermore, as an integral part of its examination process, the OCC will periodically review our allowance for credit losses. The OCC may have judgments different than those of management, and we may determine to increase our allowance as a result of these regulatory reviews. Any material increase in the allowance for credit losses may adversely affect our financial condition and results of operations.

Non-Interest Income. Non-interest income remained flat for the three months ended March 31, 2024, at $49,000, compared to $49,000 for the three months ended March 31, 2023..

Non-Interest Expense. Non-interest expense increased $1.0 million, or 93.5%, to $2.1 million for the three months ended March 31, 2023, compared to $1.1 million for the three months ended March 31, 2023. The increase was primarily due to the finalization of the pension plan withdrawal, an increase of $130,000. An increase in salaries and wages of $432,000, of which $67,000 were one time expenses related to recruiter fees with the remaining increase representative of our overall increase in personnel compared to March 31, 2023 for investing in staff to realize strategic growth initiatives. Additionally, other expenses increased $311,000, driven by advertising expense of $136,000 related to the growth of the bank into commercial markets and $91,000 in IT expense related to the relationship with our third party provider of IT infrastructure, security and support services. In total, there were $454,000 of one-time expenses incurred during the three months ended March 31, 2024. See additional discussion of one-time expenses further below.

Federal Income Taxes. Provision for federal income taxes benefit increased $169,000, or 4905.8%, to a $172,000 benefit provision for the three months ended March 31, 2024, compared to a $3,000 expense provision for the three months ended March 31, 2023. The increase in the federal income tax provision was due primarily to a $877,000, or -1013.2%, increase in pretax net loss.

	For the Nine Months Ended March 31,					
	2024			2023		
	Average Outstanding Balance	Interest	Yield/ Rate	Average Outstanding Balance	Interest	Yield/ Rate
Interest-earning assets:						
Loans	$ 97,073	$ 3,280	4.50 %	$ 82,635	$ 2,125	3.42 %
Investment securities	105,777	4,536	5.72	35,723	861	3.21
Interest-bearing deposits and other	17,137	421	3.28	24,089	551	3.04
Total interest-earning assets	219,987	8,237	4.99	142,447	3,537	3.30
Non-interest-earning assets	1,343			10,271		
Allowance for credit losses	(458)			(223)		
Total assets	$ 220,872			$ 152,495		
Interest-bearing liabilities:						
Interest-bearing demand	$ 25,599	$ 200	1.04 %	$ 25,081	$ 24	0.13 %
Savings accounts	41,548	364	1.17	46,148	18	0.05
Certificates of deposit	82,584	2,583	4.17	34,779	275	1.05
Total deposits	149,731	3,147	2.80	106,008	317	0.40
Borrowings	31,770	1,360	5.71	9	—	—
Total interest-bearing liabilities	181,501	4,507	3.31	106,017	317	0.40
Non-interest-bearing liabilities	1,600			23,122		
Total liabilities	183,101			129,139		
Shareholders' Equity	37,771			23,356		
Total liabilities and shareholders' equity	$ 220,872			$ 152,495		
Net interest income		$ 3,730			$ 3,220	
Net interest rate spread (1)			1.68 %			2.91 %
Net interest-earning assets (2)	$ 38,486			$ 36,430		
Net interest margin (3)			2.26 %			3.01 %
Average interest-earning assets to interest-bearing liabilities	121.20 %			134.36 %		

(4) Net interest rate spread represents the difference between the weighted average yield on interest-earning assets and the weighted average rate of interest-bearing liabilities.
(5) Net interest-earning assets represent total interest-earning assets less total interest-bearing liabilities.
(6) Net interest margin represents net interest income divided by average total interest-earning assets.

Comparison of Operating Results for the Nine Months Ended March 31, 2024 and 2023

General. Net loss for the nine months ended March 31, 2024 was $1.4 million, an increase of $1.1 million, or 447.0%, compared to net loss of $248,000 for the nine months ended March 31, 2023. The increase in net loss was primarily due to a $1.6 million increase in noninterest expenses, this increase was offset in part by an increase in net interest income of $510,000 as higher earning assets are added to the loan and AFS investment portfolio.

Interest Income. Interest income increased $4.7 million, or 132.9%, to $8.2 million for the nine months ended March 31, 2024, compared to $3.5 million for the nine months ended March 31, 2023. This increase was attributable to a $3.7 million, or 427.1%, increase in interest on investment securities and a $1.2 million, or 54.3%, increase in interest on loans, and is reflective of management’s strategy to continue to add higher yielding interest earnings assets to the balance sheet.

The average balance of loans during the nine months ended March 31, 2024, increased by $14.4 million, or 17.5%, from the average balance for the nine months ended March 31, 2023, while the average yield on loans increased by 108 basis points to 4.50% for the nine months ended March 31, 2024, from 3.42% for the nine months ended March 31, 2023. The increase in average yield reflects the

increases in market interest rates impacting the loan portfolio, as well as the addition of several higher yielding loans as the Company continues to add commercial loans to the portfolio.

The average balance of investment securities increased $70.1 million, or 196.1%, to $105.8 million for the nine months ended March 31, 2024, from $35.7 million for the nine months ended March 31, 2023, while the average yield on investment securities increased by 251 basis points to 5.72% for the nine months ended March 31, 2024, from 3.21% for the nine months ended March 31, 2023. This increase in yields resulted from the effects of management's purchasing of higher yielding securities beginning in March 2023.

The average balance of interest-bearing deposits and other, comprised of overnight deposits, stock in the Federal Home Loan Bank and Federal Reserve Bank and Bank Owned Life Insurance, decreased $7.0 million, or 28.9%, for the nine months ended March 31, 2024, and the average yield increased 24 basis points to 3.28% for the nine months ended March 31, 2024, from 3.04% for the nine months ended March 31, 2023 reflecting the rise in the interest rate environment.

Interest Expense. Total interest expense increased $4.2 million, or 1322.7%, to $4.5 million for the nine months ended March 31, 2024, from $317,000 for the nine months ended March 31, 2023. The increase was due to an increase of 240 basis points in the average cost of deposits to 2.80% for the nine months ended March 31, 2024, from 0.40% for the nine months ended March 31, 2023, reflecting how management has had to increase the offered rates to be competitive in efforts to maintain and grow deposits. The increase in interest expense also includes $1.4 million for the nine months ended March 31, 2024, from $22,000 for the nine months ended March 31, 2023 related to advances from the Federal Home Loan Bank and the Federal Reserve Bank under the Bank Term Funding Program. The advances have been part of a strategic initiative to fund higher yielding assets to help offset net interest margin compression experienced throughout the industry as a result of higher interest rates.

Net Interest Income. Net interest income increased $510,000, or 15.8%, to $3.7 million for the nine months ended March 31, 2024, compared to $3.2 million for the nine months ended March 31, 2023, while net interest margin decreased 75 basis points to 2.26% for the nine months ended March 31, 2024, from 3.01% for the nine months ended March 31, 2023.

Provision for Credit Losses. Based on an analysis of the factors described in "Critical Accounting Policies and Use of Critical Accounting Estimates – Allowance for Credit Losses," management concluded that a provision for credit losses of $306,000 on loans and off balance sheet credit exposures was required for the nine months ended March 31, 2024. No provision was required for the nine months ended March 31, 2023. The allowance for credit losses was $601,000 and $263,000 at March 31, 2024 and 2023, respectively, and represented 0.57% of total loans at March 31, 2024, and 0.32% of total loans at March 31, 2023. The determination over the adequacy of the allowance for credit losses was due primarily to new methodology from the adoption of ASC326.

Total nonperforming and substandard loans were $588,000 at March 31, 2024, compared to $263,000 at March 31, 2023. Total loans past due greater than 30 days were $1.9 million and $1.4 million at those respective dates. As a percentage of nonperforming and substandard loans, the allowance for credit losses was 102.2% at March 31, 2024, compared to 100.0% at March 31, 2023.

The allowance for credit losses reflects the estimate management believes to be appropriate to cover lifetime probable losses which were inherent in the loan portfolio at March 31, 2024 and 2023. While management believes the estimates and assumptions used in the determination of the adequacy of the allowance are reasonable, such estimates and assumptions could be proven incorrect in the future, and the actual amount of future provisions may exceed the amount of past provisions. Furthermore, as an integral part of its examination process, the OCC will periodically review our allowance for credit losses. The OCC may have judgments different than those of management, and we may determine to increase our allowance as a result of these regulatory reviews. Any material increase in the allowance for credit losses may adversely affect our financial condition and results of operations.

Non-Interest Income. Non-interest income decreased by $7,000, or 4.5%, to $148,000 for the nine months ended March 31, 2024, from $155,000 for the nine months ended March 31, 2023, due to normal fluctuations in the volume of fees on loans and deposits.

Non-Interest Expense. Non-interest expense increased $1.6 million, or 42.2%, to $5.3 million for the nine months ended March 31, 2024, compared to $3.7 million for the nine months ended March 31, 2023. The increase reflects a $1.1 million, or 88.1%, increase in salaries and employee benefits resulting from the addition of several new employees and positions throughout fiscal year 2024 and reflects investment in people for our strategic growth initiatives. Occupancy and equipment increased $124,000, or 55.2%, which included $136,000 of one-time expenses for certain software fees (including planning and design costs for new modules, training, manual data conversion, and consulting and support services), and $55,000 related to certain short term lease expense for temporary space associated with our Fort Wayne personnel, as well as operating lease expense for our new downtown Fort Wayne location.

Other expenses increased $725,000 or 257.9%, which includes $285,000 increase in advertising and marketing costs ($212,000 of which were one-time expenses related to rebranding efforts), and a $179,000 increase in IT expense, primarily related to recurring monthly charges for our third party back-end IT provider. There were also $81,000 of one-time professional services expenses related to assistance with adoption of new accounting and reporting standards and Form S-8 preparation and filing. In total, there were $841,000 of one-time expenses incurred during the nine months ended March 31, 2024. See additional discussion of one-time expense further below.

Federal Income Taxes. Provision for federal income taxes benefit increased by $270,000, or 237.4%, to a $383,000 benefit provision for the nine months ended March 31, 2024, compared to a $114,000 expense provision for the nine months ended March 31, 2023. The increase in the federal income tax provision was due primarily to a $1.4 million, or 381.2%, increase in pretax net loss.

One-time Expenses Related to Conversion

At the time of the conversion on July 13, 2022, the Bank estimated that it would incur a one-time expense in the third quarter 2022 related to the termination of the defined benefit plan of approximately $3.1 million. Given the increase in interest rates since the time of the initial estimation, the actual cost of termination of the defined benefit plan is expected to be approximately $1.35 million, with over $1 million of those expenses occurring in fiscal year 2023

In January 2023, the board of directors agreed to take the necessary steps to become a regional commercial bank, ultimately electing to become a Covered Savings Association (CSA) instead of remaining as a Qualified Thrift Lender (QTL). The board of directors, in conjunction with the decreased one-time expenses related to the termination of the defined benefit plan, approved $1.85 million of one-time expenses for, among other things, investments in products, services, software, operating system modules, branding, personnel, consulting fees and training related to obtaining the capabilities required of a regional commercial bank.

The following is management's classification of these expenses for fiscal year 2023, year to date fiscal year 2024, and combined fiscal year 2023 and year to date fiscal year 2024:

Category	Fiscal Year 2023	Fiscal Year 2024	Total
Termination of defined benefit plan	$ 1,052,000	$ 254,000	$ 1,306,000
Contract termination and related personnel costs	256,000	154,215	410,215
IT and software maintenance and related consulting fees	102,000	136,354	238,354
Branding related costs	5,000	212,262	217,262
Other costs	—	83,993	83,993
Total one-time expenses	$ 1,415,000	$ 840,824	$ 2,255,824

Liquidity and Capital Resources

Liquidity describes our ability to meet the financial obligations that arise in the ordinary course of business. Liquidity is primarily needed to meet the borrowing and deposit withdrawal requirements of our customers and to fund current and planned expenditures. Our primary sources of funds are deposits, principal and interest payments on loans and securities, and proceeds from maturities of securities. We also have the ability to borrow from the Federal Home Loan Bank of Cincinnati and the Federal Reserve Bank of Cleveland under the Bank Term Funding Program. At March 31, 2024, we had outstanding borrowings of $24.0 million from the Federal Reserve Bank of Cleveland. At March 31, 2024, we had no outstanding balance and the capacity to borrow $42.9 million from the Federal Home Loan Bank of Cincinnati.

While maturities and scheduled amortization of loans and securities are predictable sources of funds, deposit flows and loan prepayments are greatly influenced by general interest rates, economic conditions, and competition. Our most liquid assets are cash and short-term investments. The levels of these assets are dependent on our operating, financing, lending, and investing activities during any given period.

Our cash flows are comprised of three primary classifications: cash flows from operating activities, cash flows from investing activities, and cash flows from financing activities. For further information, see the statements of cash flows contained in the financial statements appearing elsewhere in this Form 10-Q.

We are committed to maintaining a strong liquidity position. We monitor our liquidity position on a daily basis. We anticipate that we will have sufficient funds to meet our current funding commitments. Based on our deposit retention experience and current pricing strategy, we anticipate that a significant portion of maturing time deposits will be retained.

VWF Bancorp, Inc. is a separate legal entity from Van Wert Federal and must provide for its own liquidity to pay its operating expenses and other financial obligations. Its primary source of income is dividends received from Van Wert Federal. The amount of dividends that Van Wert Federal may declare and pay is governed by applicable bank regulations. At March 31, 2024, VWF Bancorp, Inc. (on a stand-alone, unconsolidated basis) had liquid assets of $6.5 million.

At March 31, 2024, Van Wert Federal's Tier 1 leverage capital was $33.5 million, or 13.3% of adjusted assets. Accordingly, it was categorized as well-capitalized at March 31, 2024 under the "community bank leverage ratio" framework. Management is not aware of any conditions or events since the most recent notification that would change our category.

Share Repurchase Program

On February 20, 2024, the board of directors of the Company authorized a share repurchase program of up to $600,000 of the Company's common stock. The share repurchase program does not require the Company to acquire any specific number of shares and may be modified, suspended, extended or terminated by the Company at any time without prior notice. During the three months ended March 31, 2024, the Company repurchased 36,800 shares of its common stock at an average cost per share of $16.25. As of March 31, 2024, the Company had $2,000 remaining available to repurchase under the share repurchase program.

Off-Balance Sheet Arrangements. At March 31, 2024, we had $22.2 million of outstanding commitments to originate loans. Certificates of deposit that are scheduled to mature in less than one year from March 31, 2024 totaled $48.1 million. Management expects that a substantial portion of the maturing certificates of deposit will be renewed. However, if a substantial portion of these deposits is not retained, we may utilize Federal Home Loan Bank of Cincinnati advances or raise interest rates on deposits to attract new accounts, which may result in higher levels of interest expense.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable, as the Company is a smaller reporting company.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

An evaluation was performed under the supervision and with the participation of the Company's management, including the President and Chief Executive Officer and the Chief Financial Officer and Treasurer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) promulgated under the Securities and Exchange Act of 1934, as amended) as of March 31, 2024. These disclosure controls and procedures are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Securities and Exchange Act of 1934, as amended, such as this report, is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures are also designed with the objective of ensuring that such information is accumulated and communicated to the Company's management, including the President and Chief Executive Officer and the Chief Financial Officer and Treasurer, as appropriate, to allow timely decisions regarding the required disclosure. Based on that evaluation, the Company's management, including the President and Chief Executive Officer and the Chief Financial Officer and Treasurer, concluded that the Company's disclosure controls and procedures were ineffective as of March 31, 2024.

Internal Controls Over Financial Reporting

The Company's management, including the President and Chief Executive Officer and the Chief Financial Officer and Treasurer, is responsible for establishing and maintaining adequate internal control over the Company's financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities and Exchange Act of 1934, as amended). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are

subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As of March 31, 2024, the Company's management, including the Company's principal executive officer and principal financial officer, has assessed the effectiveness of its internal control over financial reporting using the criteria set forth in the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control—Integrated Framework (2013). Based on the assessment using those criteria, management identified material weaknesses related to the Company's internal control over financial reporting and, as such, concluded that the Company's internal control over financial reporting was ineffective as of March 31, 2024. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements would not be prevented or detected on a timely basis. The following material weaknesses were identified in the Company's internal control over financial reporting:

- The Company's control environment failed to demonstrate a commitment to attract, develop, and retain competent individuals in the area of internal control over financial reporting. The material weakness did not result in a misstatement.

- The Company failed to design and maintain effective controls over segregation of duties with respect to the review, posting and approval of journal entries. The material weakness did not result in a misstatement.

- The Company failed to design and maintain effective controls over the timely preparation and review of account reconciliations. The material weakness did not result in a misstatement.

The Company has concluded that the existence of these material weaknesses did not result in a material misstatement of the Company's financial statements included in its Annual Report on Form 10-K for the year ended June 30, 2023, or in its Quarterly Report on Form 10-Q for the quarter ended March 31, 2024.

Remediation Efforts

Subsequent to the period covered by the Company's Annual Report on Form 10-K for the year ended June 30, 2023, with respect to the material weaknesses set forth in bullet points above, management has been actively engaged in developing remediation plans to address such material weaknesses.

In order to remediate the material weakness related to the Company's control environment, the Company has and will continue to supplement its staff by attracting, maintaining, and developing a sufficient complement of personnel with an appropriate level of knowledge, experience and training in internal control over financial reporting. In addition to supplementing internal staff, the Company has engaged an outside advisory firm to assist the Company to enhance the internal control over financial reporting. Procedures will include a full SOX Gap analysis as well as internal audit risk assessment and internal audit procedures.

In order to remediate the material weaknesses related to the review, posting and approval of journal entries, and the timely preparation and review of account reconciliations, the Company is working to implement new controls and duties grids to ensure proper segregation of duties is taking place and that both preparation, and review are occurring timely.

As of March 31, 2024, the Company has added two personnel to the accounting and finance team. The Company believes these personnel additions will further help to remediate the above noted material weaknesses.

We believe the actions described above will be sufficient to remediate the identified material weaknesses and strengthen our internal control over financial reporting once fully designed and implemented.

Changes in Internal Control Over Financial Reporting

Other than described above, during the quarter ended March 31, 2024, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II – Other Information

Item 1. Legal Proceedings

The Company is subject to various legal actions arising in the normal course of business. In the opinion of management, the resolution of these legal actions is not expected to have a material adverse effect on the Company's consolidated financial condition or results of operations.

Item 1A. Risk Factors

Not applicable, as the Company is a smaller reporting company.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

The Company purchased the following equity securities of the Company during the three-month period ended March 31, 2024.

For the Month Ended	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program (1)	Maximum Dollar Value of Shares That May Yet be Purchased Under the Program (1)
January 31, 2024	—	$ —	—	$ —
February 29, 2024	36,800	16.25	36,800	2,000
March 31, 2024	—	—	—	2,000
Total	36,800		36,800	

(1) On February 20, 2024, the Company's board of directors authorized a share repurchase program of up to $600,000 of the Company's common stock.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

During the three month period ending March 31, 2024, none of the Company's directors or executive officers adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" as such terms are defined under Item 408 of Regulation S-K.

Item 6. Exhibits

3.1	Articles of Incorporation of VWF Bancorp, Inc. (incorporated by reference to Exhibit 3.1 of the Company's Registration Statement on Form S-1 filed March 11, 2022)
3.2	Bylaws of VWF Bancorp, Inc. (incorporated by reference to Exhibit 3.2 of the Company's Registration Statement on Form S-1 filed March 11, 2022)
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following materials for the quarter ended March 31, 2024, formatted in Inline XBRL (Extensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statements of Comprehensive Income (Loss), (iv) Condensed Consolidated Statements of Changes in Shareholders' Equity, (v) Condensed Consolidated Statements of Cash Flows, and (vi) Notes to Condensed Consolidated Financial Statements
104	Cover Page Interactive Data File (embedded within the Inline XBRL document and included in Exhibit 101)

* Filed concurrently herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	VWF BANCORP, INC.
Date: May 15, 2024	/s/ Michael D. Cahill
	Michael D. Cahill President and Chief Executive Officer (Principal Executive Officer)
Date: May 15, 2024	/s/ Richard W. Brackin
	Richard W. Brackin Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)

Exhibit 31.1

Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Michael D. Cahill, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of VWF Bancorp, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and

   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors:

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 15, 2024

/s/ Michael D. Cahill
Michael D. Cahill
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Richard W. Brackin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of VWF Bancorp, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2024

/s/ Richard W. Brackin
Richard W. Brackin
Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

Certification of Chief Executive Officer and Chief Financial Officer

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Michael D. Cahill, President and Chief Executive Officer of VWF Bancorp, Inc. (the "Company"), and Richard W. Brackin, Chief Financial Officer and Treasurer of the Company, each certify in their capacity as an officer of the Company that they have reviewed the Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 (the "Report") and that to the best of their knowledge:

1. the Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 15, 2024

/s/ Michael D. Cahill
Michael D. Cahill
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 15, 2024

/s/ Richard W. Brackin
Richard W. Brackin
Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.