FFBW, INC.

AUDITED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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Independent Auditor's Report

Board of Directors and Stockholders
FFBW, Inc.
Brookfield, Wisconsin

Opinion

We have audited the consolidated financial statements (the ''financial statements'') of FFBW, Inc. (the "Company"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of income, comprehensive income (loss), changes in equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (''GAAP'').

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Wipfli LLP

Wipfli LLP
Milwaukee, Wisconsin

March 5, 2025

FFBW, Inc.
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except share data)

	December 31, 2024	December 31, 2023
Assets		
Cash and due from banks	$ 6,129	$ 5,754
Available for sale securities, stated at fair value (amortized cost of $38,010 and $44,573, respectively)	34,924	41,085
Loans, net of allowance for credit losses of $2,736 and $3,175, respectively	224,493	248,690
Premises and equipment, net	6,150	6,388
Other equity investments	1,839	1,777
Accrued interest receivable	872	1,042
Cash value of life insurance	10,947	10,609
Other assets	2,563	2,696
TOTAL ASSETS	$ 287,917	$ 318,041
Liabilities and Equity		
Deposits and advance payments to borrowers for taxes and insurance	$ 208,656	$ 241,442
Accrued interest payable	279	204
Other liabilities	3,194	2,145
Total liabilities	$ 212,129	$ 243,791
Preferred stock ($0.01 par value, 50,000,000 authorized, no shares issued or outstanding as of December 31, 2024 and December 31, 2023, respectively)	$ —	$ —
Common stock ($0.01 par value, 100,000,000 authorized, 4,868,749 and 4,991,992 issued and outstanding as of December 31, 2024 and December 31, 2023, respectively)	48	49
Additional paid in capital	36,345	37,823
Unallocated common stock of Employee Stock Ownership Plan ("ESOP") (458,757 and 489,341 shares at December 31, 2024 and December 31, 2023, respectively)	(4,588)	(4,894)
Retained earnings	46,179	43,786
Accumulated other comprehensive income (loss), net of income taxes	(2,196)	(2,514)
Total equity	$ 75,788	$ 74,250
TOTAL LIABILITIES AND EQUITY	$ 287,917	$ 318,041

See accompanying notes to financial statements.

FFBW, Inc.
CONSOLIDATED STATEMENTS OF INCOME
(Dollars in thousands, except per share data)

	Years ended December 31, 2024	2023
Interest and dividend income:		
Loans, including fees	$ 14,631	$ 14,006
Securities		
Taxable	912	1,095
Tax-exempt	153	174
Other	344	253
Total interest and dividend income	16,040	15,528
Interest expense:		
Interest-bearing deposits	4,954	4,077
Borrowed funds	227	438
Total interest expense	5,181	4,515
Net interest income	10,859	11,013
(Reversal) Provision for credit losses	(101)	166
Net interest income after (reversal) provision for credit losses	10,960	10,847
Noninterest income:		
Service charges and other fees	516	532
Net loss on sale of securities	—	(102)
Increase in cash surrender value of insurance	338	299
Other noninterest income	169	281
Total noninterest income	1,023	1,010
Noninterest expense:		
Salaries and employee benefits	5,239	5,539
Occupancy and equipment	1,142	1,158
Data processing	1,045	958
Technology	249	243
Professional fees	405	531
Other noninterest expense	948	1,030
Total noninterest expense	9,028	9,459
Income before income taxes	2,955	2,398
Provision for income taxes	562	889
Net income	$ 2,393	$ 1,509
Earnings per share		
Basic	$ 0.54	$ 0.33
Diluted	$ 0.54	$ 0.32

See accompanying notes to financial statements.

FFBW, Inc.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Dollars in thousands)

	Years ended December 31,	
	2024	**2023**
Net income	$ 2,393	$ 1,509
Other comprehensive income (loss):		
Unrealized holding gains (losses) arising during the period	402	650
Reclassification adjustment for (gains) losses realized in net income	—	102
Other comprehensive income (loss) before tax effect	402	752
Tax effect of other comprehensive income (loss) items	(84)	(172)
Other comprehensive income (loss), net of tax	318	580
Comprehensive income (loss)	$ 2,711	$ 2,089

See accompanying notes to financial statements.

FFBW, Inc.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Dollars in thousands, except share data)

	Number of Shares	Common Stock	Additional Paid-In Capital	Unallocated Common Stock of ESOP	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance at December 31, 2022	5,515,641	$ 55	$ 43,630	$ (5,200)	$ 42,707	$ (3,094)	$ 78,098
Cumulative effect of adoption of ASC 326					(430)		(430)
Net income	—	—	—	—	1,509	—	1,509
ESOP shares committed to be released (30,584 shares)	(2,409)	—	44	306	—	—	350
Stock based compensation expense	18,250	—	497	—	—	—	497
Repurchase of common stock	(539,560)	(6)	(6,348)	—	—	—	(6,354)
Other comprehensive income	—	—	—	—	—	580	580
Balance at December 31, 2023	4,991,922	$ 49	$ 37,823	$ (4,894)	$ 43,786	$ (2,514)	$ 74,250
Balance at December 31, 2023	4,991,922	$ 49	$ 37,823	$ (4,894)	$ 43,786	$ (2,514)	$ 74,250
Net income	—	—	—	—	2,393	—	2,393
ESOP shares committed to be released (30,584 shares)	(3,073)	—	97	306	—	—	403
Stock based compensation expense	23,000	—	301	—	—	—	301
Repurchase of common stock	(143,100)	(1)	(1,876)	—	—	—	(1,877)
Other comprehensive income	—	—	—	—	—	318	318
Balance at December 31, 2024	4,868,749	$ 48	$ 36,345	$ (4,588)	$ 46,179	$ (2,196)	$ 75,788

See accompanying notes to financial statements.

FFBW, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)

	Years ended December 31, 2024	Years ended December 31, 2023
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Net income	$ 2,393	$ 1,509
Adjustments to reconcile net income to net cash provided by operating activities:		
(Reversal) provision for credit losses	(101)	166
Depreciation	376	429
Net accretion of loan portfolio discount and amortization of deposit premium	59	58
Net amortization on securities available for sale	201	191
(Gain) loss on sale of available for sale securities	—	102
Increase in cash surrender value of life insurance	(338)	(299)
Change in fair value of other equity investments	(33)	(136)
ESOP compensation	403	350
Stock based compensation	301	497
Changes in operating assets and liabilities:		
Accrued interest receivable	170	(115)
Other assets	(11)	315
Accrued interest payable	75	183
Other liabilities	1,049	50
Net cash from operating activities	$ 4,544	$ 3,300
Cash flows from investing activities:		
Proceeds from sales of available for sale securities	$ —	$ 2,520
Maturities, calls, paydowns on available for sale securities	6,363	4,182
Net change in loans	24,298	(7,291)
Purchases of premises and equipment	(138)	(150)
Net change in other equity investments	(29)	(124)
Net cash from investing activities	$ 30,494	$ (863)
Cash flows from financing activities:		
Net change in deposits and advance payments	$ (32,786)	$ 6,784
Repayments of FHLB advances	(108,000)	(108,000)
Proceeds from FHLB advances	108,000	100,000
Repurchase of common stock	(1,877)	(6,354)
Net cash from financing activities	$ (34,663)	$ (7,570)
Net change in cash and cash equivalents	$ 375	$ (5,133)
Cash and cash equivalents at beginning	5,754	10,887
Cash and cash equivalents at end	$ 6,129	$ 5,754
Supplemental Cash Flow Disclosures:		
Cash paid for interest	$ 5,106	$ 4,332
Cash paid for income taxes	551	540

See accompanying notes to financial statements.

NOTE 1 - Summary of Significant Accounting Policies

Organization

FFBW, Inc. (the "Company"), a Maryland corporation, provides a variety of financial services to individual and corporate customers through its wholly owned subsidiary, First Federal Bank of Wisconsin (the "Bank"). The Bank is a community bank headquartered in Waukesha, Wisconsin, with offices in Waukesha, Brookfield, and Milwaukee.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and 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 in the near term relate to the determination of the allowance for credit losses, the fair values of securities, fair value of financial instruments, the valuation of foreclosed assets and the valuation of deferred income tax assets.

Revenue Recognition

Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers ("ASC 606"), establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts to provide goods or services to customers. The core principle requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those goods or services recognized as performance obligations are satisfied.

The majority of the Company's revenue-generating transactions are not subject to ASC 606, including all interest and dividend income generated from financial instruments. Certain noninterest income items, including loan servicing income, gain on sales of loans, gain on sales of securities, and other noninterest income have been evaluated and were determined to not fall within the scope of ASC 606. Elements of noninterest income that are within the scope of ASC 606, are as follows:

Service charges and other fees - The Company earns fees from its deposit customers for transaction-based, account maintenance, and overdraft services. Management reviewed the deposit account agreements and determined that the agreements can be terminated at any time by either the Company or the account holder. Transaction fees, such as balance transfers, wires and overdraft charges are settled the day the performance obligation is satisfied. The Company's monthly service charges and maintenance fees are for services provided to the customer on a monthly basis and are considered a series of services that have the same pattern of transfer each month. The review of service charges assessed on deposit accounts included the amount of variable consideration that is a part of the monthly charges.

Interchange fees - Customers use a Bank-issued debit card to purchase goods and services, and the Company earns interchange fees on those transactions, typically a percentage of the sale amount of the transaction. The Company records the amount due when it receives the settlement from the payment network. Payments from the payment network are received and recorded into income on a daily basis. These fees are included in "service charges and other fees" on the Statements of Income. There are no contingent debit card interchange fees recorded by the Company that could be subject to a claw-back in future periods.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash and balances due from banks, non-maturity deposits in the Federal Home Loan Bank of Chicago (FHLB), and fed funds sold. The Company has not experienced any losses in such accounts.

Available for Sale Securities

Securities classified as available for sale are those securities that the Company intends to hold for an indefinite period of time, but not necessarily to maturity. Any decision to sell a security classified as available for sale would be based on various factors, including significant movements in interest rates, changes in the maturity mix of the Company's assets and liabilities, liquidity needs, regulatory capital requirements, and other similar factors. Securities classified as available for sale are carried at fair value. Unrealized gains or losses are reported as increases or decreases in other comprehensive income, net of the related deferred tax effect. Amortization of premiums and accretion of discounts are recognized in interest income using the interest method. Premiums that exceed the amount repayable by the issuer at the next call date are amortized to the next call date. Other premiums and discounts are amortized (accreted) over the estimated lives of the securities. Realized gains or losses, determined on the basis of the cost of specific securities sold, are included in earnings. Gains and losses on the sale of securities are recorded on the trade date and determined using the specific-identification method.

The Company evaluates individual securities available for sale in an unrealized loss position by first determining whether the decline in fair value below the amortized cost basis of the security has resulted from a credit loss or other factors. A credit loss exists when the present value of cash flows expected to be collected from the security is less than the amortized cost basis of the security. In determining whether a credit loss exists, the Company considers the extent to which the fair value is less than the amortized cost basis, adverse conditions related to the security, the payment structure of the debt security, failure of the issuer to make scheduled payments, and any changes to the rating of the security. Impairment related to credit losses is recognized through an allowance for credit losses up to the amount that fair value is less than the amortized cost basis. Changes to the allowance are recognized through earnings as a provision for (or recovery of) credit losses. Impairment related to other factors is recognized in other comprehensive income.

The accrual of interest on a security available for sale is discontinued when the security becomes 90 days delinquent or whenever management believes the issuer will be unable to make payments as they become due. When securities are placed on nonaccrual status, all unpaid accrued interest is reversed against interest income. No accrued interest was written off during 2024 and 2023.

The Company excludes accrued interest receivable from the amortized cost basis of securities available for sale when estimating credit losses and when presenting required disclosures in the financial statements. Accrued interest on securities available for sale totaling $179 and $204 at December 31, 2024 and 2023, respectively, was excluded from the amortized cost basis of securities available for sale.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff, generally, are reported at their outstanding unpaid principal balances adjusted for deferred loan fees and costs, charge-offs, and an allowance for credit losses. Interest on loans is accrued and credited to income based on the unpaid principal balance. Loan-origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan yield using the interest method.

The accrual of interest on loans is discontinued when the loan becomes 90 days past due or, in the opinion of management, there is an indication that the borrower may 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 or cost-recovery method until qualifying for return to accrual status. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Credit Losses on Loan and Unfunded Loan Commitments

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.

Management considers the following when assessing risk in the Company's loan portfolio segments:

- Commercial and industrial loans are primarily for working capital, physical asset expansion, asset acquisition loans, and other business purposes. These loans are made based primarily on historical and projected cash flow of the borrower and secondarily on the underlying collateral provided by the borrower. The cash flows of borrowers, however, may not behave as forecasted and collateral securing loans may fluctuate in value due to economic or individual performance factors. Financial information is obtained from the borrowers to evaluate cash flows sufficiency to service debt and is periodically updated during the life of the loan.

- Commercial real estate loans are primarily secured by office and industrial buildings, warehouses, small retail shopping facilities, and various special purpose properties, including hotels and restaurants. Financial information is obtained from the borrowers and/or the individual project to evaluate the cash flow sufficiency to service debt and is periodically updated during the life of the loan. Loan performance may be adversely affected by factors impacting the general economy or conditions specific to the real estate market such as geographic location and/or property type. Commercial real estate loans also include construction and land development loans, which are secured by vacant land and/or property that are in the process of improvement, including (a) land development preparatory to erecting vertical improvements or (b) the on-site construction of industrial, commercial, residential, or farm buildings. Repayment of these loans can be dependent on the sale of the property to third parties or the successful completion of the improvements by the builder for the end user. In the event a loan is made on property that is not yet approved for the planned development, there is the risk that necessary approvals will not be granted or will be delayed. Construction loans also run the risk that improvements will not be completed on time or in accordance with specifications and projected costs.

- Multifamily loans include loans to finance non-farm properties with five or more units in structures primarily to accommodate households on a temporary or permanent basis. Such credits are typically originated to finance the acquisition of an apartment or condominium building/complex. Multifamily loans are made based primarily on the historical and projected cash flow of the subject multifamily property, with assumptions made for vacancy rates. Cash flows and ultimate loan performance rely on the receipt of rental income from the tenants of the property, who are themselves subject to fluctuations in national and local economic and unemployment trends.

- Residential real estate loans are affected by the local residential real estate market, the local economy, and, for variable rate mortgages, movement in indices tied to these loans. At the time of origination, the Company evaluates the borrower's repayment ability through a review of debt to income and credit scores. Appraisals are obtained to support the loan amount. Financial information is obtained from the borrowers and/or the individual project to evaluate cash flows sufficiency to service debt at the time of origination.

- Consumer and other loans may take the form of installment loans, demand loans, or single payment loans and are extended to individual for household, family, and other personal expenditures. At the time of origination, the Company evaluates the borrower's repayment ability through a review of debt to income and credit scores.

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 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 collateral dependent loans over $250, 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 balance sheet, with consideration for estimated selling costs if satisfaction of the loan depends on the sale of the collateral.

The following describes the types of collateral that secure collateral dependent loans:

- Commercial and industrial loans considered collateral dependent are primarily secured by accounts receivable, inventory and equipment.
- Development loans are primarily secured by residential and commercial properties, which are under construction and/or redevelopment, and by raw land.
- Commercial real estate loans are primarily secured by office and industrial buildings, warehouses, retail shopping facilities and various special purpose properties, including hotels and restaurants.
- Multifamily real estate loans are primarily secured by apartment complexes and other buildings with five or more units.
- One-to-four family residential mortgages are primarily secured by first and/or junior liens on residential real estate.

Management evaluates all collectively evaluated loan pools using the weighted average remaining life ("remaining life") methodology. The remaining life methodology applies calculated annual 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 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 the estimated remaining life of the pool adjusted by estimated prepayment factors. Historical loss rates are calculated using the Company's historical data based on the lookback period determined by management.

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: levels of and trends in delinquencies and nonaccrual loans; levels of and trends in charge-offs and recoveries; trends in volume and terms of loans; effects of any changes in risk selection and underwriting standards; other changes in lending policies, procedures, and practices; experience, ability, and depth of lending management and other relevant staff; national and local economic trends and conditions; industry conditions; and effects of changes in credit concentrations. Management also adjusts historical losses based on short-term forecasts of economic conditions. Management has elected to incorporate its loss forecasts into its overall qualitative factor adjustments.

The Company excludes accrued interest receivable from the amortized cost basis of loans when estimating credit losses and when presenting required disclosures in the financial statements. Accrued interest on loans totaling $693 and $838 at December 31, 2024 and 2023, respectively, was excluded from the amortized cost basis of loans and is included in accrued interest receivable on the balance sheet.

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 other liabilities on the accompanying balance sheet, 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.

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.

Foreclosed Assets

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

Premises and Equipment

Depreciable assets are stated at cost less accumulated depreciation. Provisions for depreciation are computed on straight-line and accelerated methods over the estimated useful lives of the assets.

Other Equity Investments

Other Equity Investments consist primarily of Federal Home Loan Bank of Chicago (“FHLB”) stock and Bankers’ Bank stock. The Company's investment in the FHLB stock is carried at cost, which approximates fair value. The Company is required to hold the stock as a member of the FHLB and transfer of the stock is substantially restricted. The stock is evaluated for impairment on an annual basis. The Company is required to adjust its reported value of Bankers’ Bank stock, which is considered an equity security without a readily determinable market value, if a comparable transaction is observed.

Income Taxes

Amounts provided for income tax expense are based on income reported for financial statement purposes and do not necessarily represent amounts currently payable under tax laws. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and income tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income.

As changes in tax laws or rates are enacted, deferred income tax assets and liabilities are adjusted through the provision for income taxes. The differences relate principally to the allowances for credit losses, deferred compensation, depreciation, FHLB stock dividends and non-accrual interest. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

The tax effects from an uncertain tax position can be recognized in the financial statements only if the position is more likely than not to be sustained on audit, based on the technical merits of the position. The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements.

The Company’s policy is to recognize interest and penalties related to income tax issues as components of income tax expense. During the periods shown, the Company did not recognize any interest or penalties related to income tax expense in its statements of income.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Advertising

Advertising costs are expensed as incurred.

Other Comprehensive Income (Loss)

Other comprehensive income (loss) is shown on the consolidated statements of comprehensive income (loss). The Company’s accumulated other comprehensive income (loss) is composed of the unrealized gains (losses) on securities available for sale, net of tax and is shown on the consolidated statements of changes in equity.

Off-Balance Sheet Financial Instruments

In the ordinary course of business, the Company has entered into off-balance-sheet financial instruments consisting of commitments to extend credit, unfunded commitments under lines of credit, and standby letters of credit. Such financial instruments are recorded in the financial statements when they become payable.

Life Insurance

The Company has purchased life insurance policies on certain key members of the management team. Life insurance is measured at the amount that could be realized under the insurance contract as of the balance sheet date, which is generally the cash surrender value of the policy.

New Accounting Pronouncements

The following ASUs have been issued by FASB and may impact the Company’s consolidated financial statements in future reporting periods.

(Dollars in thousands, except share data)

ASU 2023-09, *Improvements to Income Tax Disclosures* – For public business entities, this standard requires disclosure about specific categories in the income tax rate reconciliation and additional information for reconciling items that meet a quantitative threshold. The standard also requires entities to disclose certain disaggregated information regarding income (loss) before income taxes, income tax expense (benefit), and income taxes paid. Finally, the standard eliminates certain existing disclosure requirements. This new standard is effective or financial statements issued for annual periods beginning after December 15, 2024. Early adoption is permitted. The Company does not believe this new standard will have a significant impact on its financial statements.

NOTE 2 – Earnings Per Share

Basic earnings per common share is computed by dividing net income by the weighted average number of common shares outstanding, adjusted for weighted average unallocated ESOP shares, during the applicable period, excluding outstanding participating securities. Participating securities include non-vested restricted stock awards and restricted stock units, though no actual shares of common stock related to restricted stock units are issued until the settlement of such units, to the extent holders of these securities receive non-forfeitable dividends or dividend equivalents at the same rate as holders of the Company's common stock. Diluted earnings per share is computed using the weighted-average number of shares determined for the basic earnings per common share computation plus the dilutive effect of stock compensation using the treasury stock method. Antidilutive options are disregarded in earnings per share calculations.

The following table presents the earnings per share calculations for the years ended December 31:

	2024	2023
Net income	$ 2,393	$ 1,509
Basic potential common shares		
Weighted average shares outstanding	4,868,779	5,143,572
Weighted average unallocated Employee Stock Ownership Plan Shares	(474,047)	(504,631)
Basic weighted average shares outstanding	4,394,732	4,638,941
Dilutive potential common shares	57,407	19,366
Dilutive weighted average shares outstanding	4,452,139	4,658,307
Basic earnings per share	$ 0.54	$ 0.33
Diluted earnings per share	$ 0.54	$ 0.32

NOTE 3 – Cash and Due from Banks

In the normal course of business, the Company maintains cash and due from bank balances with correspondent banks. Balances in these accounts may exceed the Federal Deposit Insurance Corporation's insured limit of $250. Management believes these financial institutions have strong credit ratings and that the credit risk related to these deposits is minimal.

(Dollars in thousands, except share data)

NOTE 4 – Available for Sale Securities

The amortized cost and estimated fair value of securities available for sale with gross unrealized gains and losses at December 31, 2024 and 2023 follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
December 31, 2024				
US government and agency securities	1,492	$ -	$ (146)	$ 1,346
Obligations of states and political subdivisions	11,164	4	(1,137)	10,031
Mortgage-backed securities	19,554	-	(1,462)	18,092
Certificates of deposit	250	-	(3)	247
Corporate debt securities	5,550	-	(342)	5,208
Total available for sale securities	$ 38,010	$ 4	$ (3,090)	$ 34,924
December 31, 2023				
US government and agency securities	1,639	$ -	$ (165)	$ 1,474
Obligations of states and political subdivisions	11,978	4	(1,066)	10,916
Mortgage-backed securities	21,904	-	(1,565)	20,339
Certificates of deposit	250	-	(10)	240
Corporate debt securities	8,802	-	(686)	8,116
Total available for sale securities	$ 44,573	$ 4	$ (3,492)	$ 41,085

Fair value of debt securities are generally estimated based on financial models or prices paid for similar securities. It is possible interest rates or other key inputs to the valuation estimate could change considerably, resulting in a material change in the estimated fair value of debt securities.

The following table presents the portion of the Company's portfolio which has gross unrealized losses, reflecting the length of time that individual securities have been in a continuous unrealized loss position:

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2024						
US government and agency securities	$ 19	$ —	$ 1,317	$ (146)	$ 1,336	$ (146)
Obligations of states and political subdivisions	389	(11)	9,388	(1,126)	9,777	(1,137)
Mortgage-backed securities	—	—	18,077	(1,462)	18,077	(1,462)
Certificates of deposit	—	—	247	(3)	247	(3)
Corporate debt securities	—	—	5,208	(342)	5,208	(342)
Total available for sale securities	$ 408	$ (11)	$ 34,237	$ (3,079)	$ 34,645	$ (3,090)
December 31, 2023						
US government and agency securities	$ —	$ —	$ 1,474	$ (165)	$ 1,474	$ (165)
Obligations of states and political subdivisions	269	(4)	10,393	(1,062)	10,662	(1,066)
Mortgage-backed securities	—	—	20,339	(1,565)	20,339	(1,565)
Certificates of deposit	—	—	240	(10)	240	(10)
Corporate debt securities	—	—	8,116	(686)	8,116	(686)
Total available for sale securities	$ 269	$ (4)	$ 40,562	$ (3,488)	$ 40,831	$ (3,492)

(Dollars in thousands, except share data)

The following table presents the number and aggregate depreciation from the Company's amortized cost basis of debt securities available for sale in a continuous unrealized loss position by security type at December 31, 2024:

	Number of Securities	Aggregate Depreciation
US government and agency securities	9	9.9%
Obligations of states and political subdivisions	26	10.4%
Mortgage-backed securities	66	7.5%
Certificates of deposit	1	1.2%
Corporate debt securities	8	6.2%
Totals	110	8.2%

The unrealized losses relate principally to the changes in interest rates and are not due to changes in the financial condition of the issuer, the quality of any underlying assets, or applicable credit enhancements. In reaching the conclusion that an allowance for credit losses is unnecessary, management observed that the securities were issued by a government body or agency, the securities continue to be highly rated (AA or better) where applicable, the issuer continues to make contractual payments, and the quality of any underlying assets or credit enhancements has not changed. Since management is the ability to hold debt securities for the foreseeable future, the Company expects to recover the amortized cost basis of these securities before they are sold or mature.

The amortized cost and fair value of available for sale securities by contractual maturity are shown below. Expected maturities will differ from contractual maturities in mortgage-backed securities since the anticipated maturities are not readily determinable. Therefore, these securities are not included in the maturity categories in the following maturity summary listed below:

	December 31, 2024	
	Amortized Cost	Fair Value
Due in one year or less	$ 3,000	$ 2,966
Due after one year through 5 years	3,375	3,260
Due after 5 years through 10 years	8,861	7,856
Due after 10 years	3,220	2,750
Subtotal	$ 18,456	$ 16,832
Mortgage-backed securities	19,554	18,092
Total	$ 38,010	$ 34,924

The following is a summary of the proceeds from sales of securities available for sale, as well as gross gains and losses:

	Years ended December 31,	
	2024	2023
Proceeds from sale of securities	$ —	$ 2,520
Gross gain on sale of securities	—	—
Gross loss on sale of securities	—	102

Available for sale securities with a carrying value of $897 and $915 were pledged to secure lines of credit and for other purposes required or permitted by law at December 31, 2024 and December 31, 2023, respectively.

(Dollars in thousands, except share data)

NOTE 5 - Loans

Major classifications of loans are as follows:

	As of December 31, 2024	As of December 31, 2023
Commercial		
Development	$ 18,436	$ 16,391
Real estate	95,825	110,882
Commercial and industrial	22,863	24,187
Residential real estate and consumer		
One-to-four family owner-occupied	14,335	17,923
One-to-four family investor-owned	25,727	28,263
Multifamily	47,243	51,177
Consumer	3,197	3,487
Subtotal	$ 227,626	$ 252,310
Deferred loan fees	(397)	(445)
Allowance for credit losses	(2,736)	(3,175)
Net loans	$ 224,493	$ 248,690

Deposit accounts in an overdraft position and reclassified as loans approximated $11 and $18 at December 31, 2024 and December 31, 2023, respectively.

Activity in the allowance for credit losses on loans by portfolio segment follows:

	Commercial	Residential real estate and consumer	Total
Balance at December 31, 2022	$ 1,696	$ 937	$ 2,633
(Reversal) provision for credit losses	(90)	236	146
Impact of adoption of ASU No. 2016-13 (ASC 326)	200	184	384
Loans charged off	—	—	—
Recoveries of loans previously charged off	—	12	12
Balance at December 31, 2023	$ 1,806	$ 1,369	$ 3,175
(Reversal) provision for credit losses	(473)	56	(417)
Loans charged off	—	(27)	(27)
Recoveries of loans previously charged off	—	5	5
Balance at December 31, 2024	$ 1,333	$ 1,403	$ 2,736

At December 31, 2024 and 2023, the Company maintained a reserve for unfunded loan commitments totaling $498 and $182, respectively, which is included in other liabilities on the accompanying balance sheet. The provision for credit losses on unfunded loan commitments totaled $316 during 2024 and $20 during 2023.

The Company had an insignificant amount of accrued interest written off by reversing interest income as of December 31, 2024 and 2023.

There were no collateral dependent loans at December 31, 2024.

The Company regularly evaluates various attributes of loans to determine the appropriateness of the allowance for credit losses. The credit quality indicators monitored differ depending on the class of loan.

Loans are generally evaluated using the following internally prepared ratings:

“Pass” ratings are assigned to loans with adequate collateral and debt service ability such that collectability of the contractual loan payments is highly probable.

(Dollars in thousands, except share data)

"Special mention" ratings are assigned to loans where management has some concern that the collateral or debt service ability may not be adequate, though the collectability of the contractual loan payments is still probable.

"Substandard" ratings are assigned to loans that do not have adequate collateral and/or debt service ability such that collectability of the contractual loan payments is no longer probable.

"Doubtful" ratings are assigned to loans that do not have adequate collateral and/or debt service ability, and collectability of the contractual loan payments is unlikely.

Information regarding the loan portfolio by risk classification and origination year for the year ended December 31, 2024, follows:

	2024	2023	2022	2021	2020	Prior	Revolving	Total
Development								
Pass	$ 5,782	$ 8,976	$ 2,339	$ -	$ -	$ 459	$ -	$ 17,556
Watch	-	-	-	-	880	-	-	880
Totals	$ 5,782	$ 8,976	$ 2,339	$ -	$ 880	$ 459	$ -	$ 18,436

	2024	2023	2022	2021	2020	Prior	Revolving	Total
Commercial real estate								
Pass	$ 7,173	$ 11,293	$ 17,656	$ 17,913	$ 11,695	$ 23,872	$ 72	$ 89,674
Watch	-	468	55	218	-	4,038	-	4,779
Special Mention	-	-	270	-	-	-	-	270
Substandard	-	-	-	1,102	-	-	-	1,102
Totals	$ 7,173	$ 11,761	$ 17,981	$ 19,233	$ 11,695	$ 27,910	$ 72	$ 95,825

	2024	2023	2022	2021	2020	Prior	Revolving	Total
Commercial and industrial								
Pass	$ 1,996	$ 3,940	$ 1,628	$ 849	$ 51	$ 102	$ 6,420	$ 14,986
Watch	-	311	-	1,667	-	-	-	1,979
Special Mention	-	-	5,898	-	-	-	-	5,898
Totals	$ 1,996	$ 4,251	$ 7,526	$ 2,516	$ 51	$ 102	$ 6,420	$ 22,863

	2024	2023	2022	2021	2020	Prior	Revolving	Total
One-to-four family owner-occupied								
Pass	$ 28	$ 708	$ 2,652	$ 2,435	$ 2,503	$ 5,937	$ -	$ 14,263
Substandard	-	-	-	-	72	-	-	72
Totals	$ 28	$ 708	$ 2,652	$ 2,435	$ 2,575	$ 5,937	$ -	$ 14,335

	2024	2023	2022	2021	2020	Prior	Revolving	Total
One-to-four family investor-owned								
Pass	$ 1,196	$ 288	$ 4,775	$ 1,476	$ 4,314	$ 12,835	$ 75	$ 24,960
Watch	-	249	-	-	-	-	-	249
Substandard	-	-	-	137	380	-	-	518
Totals	$ 1,196	$ 537	$ 4,775	$ 1,614	$ 4,694	$ 12,835	$ 75	$ 25,727

	2024	2023	2022	2021	2020	Prior	Revolving	Total
Multifamily								
Pass	$ 782	$ 5,929	$ 4,899	$ 14,467	$ 5,289	$ 10,907	$ -	$ 42,273
Watch	-	-	-	4,970	-	-	-	4,970
Totals	$ 782	$ 5,929	$ 4,899	$ 19,437	$ 5,289	$ 10,907	$ -	$ 47,243

(Dollars in thousands, except share data)

	2024	2023	2022	2021	2020	Prior	Revolving	Total
Consumer								
Pass	$ 13	$ 153	$ 1,054	$ 338	$ 190	$ 748	$ 683	$ 3,179
Substandard	-	-	-	-	-	18	-	18
Totals	$ 13	$ 153	$ 1,054	$ 338	$ 190	$ 766	$ 683	$ 3,197
Current period gross charge offs								
	$ 27	$ -	$ -	$ -	$ -	$ -	$ -	$ 27

	2024	2023	2022	2021	2020	Prior	Revolving	Total
Total Loans								
Pass	$ 16,970	$ 31,287	$ 35,003	$ 37,478	$ 24,041	$ 54,861	$ 7,250	$ 206,891
Watch	-	1,028	55	6,855	880	4,038	-	12,857
Special Mention	-	-	6,168	-	-	-	-	6,168
Substandard	-	-	-	1,239	452	18	-	1,709
Totals	$ 16,970	$ 32,316	$ 41,226	$ 45,572	$ 25,374	$ 58,916	$ 7,250	$ 227,625
Current period gross charge offs								
	$ 27	$ -	$ -	$ -	$ -	$ -	$ -	$ 27

Information regarding the loan portfolio by risk classification and origination year for the year ended December 31, 2023, follows:

	2023	2022	2021	2020	2019	Prior	Revolving	Total
Development								
Pass	$ 8,187	$ 6,434	$ -	$ 155	$ -	$ 480	$ -	$ 15,256
Watch	-	-	-	1,135	-	-	-	1,135
Totals	$ 8,187	$ 6,434	$ -	$ 1,290	$ -	$ 480	$ -	$ 16,391

	2023	2022	2021	2020	2019	Prior	Revolving	Total
Commercial real estate								
Pass	$ 11,118	$ 33,282	$ 18,899	$ 11,685	$ 3,998	$ 23,868	$ 86	$ 102,936
Watch	-	-	1,351	2,430	-	4,122	-	7,903
Substandard	-	-	-	-	-	43	-	43
Totals	$ 11,118	$ 33,282	$ 20,250	$ 14,115	$ 3,998	$ 28,033	$ 86	$ 110,882

	2023	2022	2021	2020	2019	Prior	Revolving	Total
Commercial and industrial								
Pass	$ 7,892	$ 2,806	$ 4,240	$ 527	$ 59	$ 398	$ 8,170	$ 24,092
Substandard	-	-	-	-	-	95	-	95
Totals	$ 7,892	$ 2,806	$ 4,240	$ 527	$ 59	$ 493	$ 8,170	$ 24,187

	2023	2022	2021	2020	2019	Prior	Revolving	Total
One-to-four family owner-occupied								
Pass	$ 722	$ 3,496	$ 2,393	$ 3,219	$ 1,042	$ 6,088	$ -	$ 16,960
Substandard	-	-	306	177	-	480	-	963
Totals	$ 722	$ 3,496	$ 2,699	$ 3,396	$ 1,042	$ 6,568	$ -	$ 17,923

	2023	2022	2021	2020	2019	Prior	Revolving	Total
One-to-four family investor-owned								
Pass	$ 393	$ 5,107	$ 2,344	$ 5,232	$ 1,171	$ 13,139	$ 77	$ 27,463
Watch	249	551	-	-	-	-	-	800
Totals	$ 642	$ 5,658	$ 2,344	$ 5,232	$ 1,171	$ 13,139	$ 77	$ 28,263

(Dollars in thousands, except share data)

	2023	2022	2021	2020	2019	Prior	Revolving	Total
Multifamily								
Pass	$ 5,518	$ 716	$ 14,397	$ 12,374	$ 1,159	$ 11,999	$ -	$ 46,163
Watch	-	-	5,014	-	-	-	-	5,014
Totals	$ 5,518	$ 716	$ 19,411	$ 12,374	$ 1,159	$ 11,999	$ -	$ 51,177

	2023	2022	2021	2020	2019	Prior	Revolving	Total
Consumer								
Pass	$ 21	$ 819	$ 6	$ 11	$ 282	$ 13	$ 2,336	$ 3,487
Totals	$ 21	$ 819	$ 6	$ 11	$ 282	$ 13	$ 2,336	$ 3,487

	2023	2022	2021	2020	2019	Prior	Revolving	Total
Total Loans								
Pass	$ 33,851	$ 52,660	$ 42,279	$ 33,203	$ 7,711	$ 55,984	$ 10,668	$ 236,357
Watch	249	551	6,365	3,565	-	4,122	-	14,852
Substandard	-	-	306	177	-	618	-	1,101
Totals	$ 34,100	$ 53,211	$ 48,950	$ 36,945	$ 7,711	$ 60,724	$ 10,668	$ 252,310

Loan aging information as of December 31, 2024 and 2023 follows:

	Current Loans	Loans Past Due 30-89 Days	Loans Past Due 90+ Days	Total Loans
December 31, 2024				
Commercial				
Development	$ 18,436	$ —	$ —	$ 18,436
Real estate	95,825	—	—	95,825
Commercial and industrial	22,863	—	—	22,863
Residential real estate and consumer				
One-to-four family owner-occupied	14,169	94	72	14,335
One-to-four family investor-owned	25,727	—	—	25,727
Multifamily	47,243	—	—	47,243
Consumer	3,197	—	—	3,197
Total	$ 227,460	$ 94	$ 72	$ 227,626

	Current Loans	Loans Past Due 30-89 Days	Loans Past Due 90+ Days	Total Loans
December 31, 2023				
Commercial				
Development	$ 16,391	$ —	$ —	$ 16,391
Real estate	110,882	—	—	110,882
Commercial and industrial	24,187	—	—	24,187
Residential real estate and consumer				
One-to-four family owner-occupied	17,747	176	—	17,923
One-to-four family investor-owned	28,263	—	—	28,263
Multifamily	51,177	—	—	51,177
Consumer	3,487	—	—	3,487
Total	$ 252,134	$ 176	$ —	$ 252,310

(Dollars in thousands, except share data)

Information regarding nonaccrual loans during the years ended December 31, 2024 and 2023 follows:

	Nonaccrual Loans With No Allowance For Credit Losses	Nonaccrual Loans With an Allowance For Credit Losses	Total Nonaccrual Loans	Loans at Beginning of Year	Interest Income Recognized on Nonaccrual Loans
2024					
Commercial					
Development	$ —	$ —	$ —	$ —	$ —
Real estate	—	—	—	—	—
Commercial and industrial	—	—	—	—	—
Residential real estate and consumer					
One-to-four family owner-occupied	166	—	166	101	—
One-to-four family investor-owned	—	—	—	—	—
Multifamily	—	—	—	—	—
Consumer	—	—	—	—	—
Totals	$ 166	$ —	$ 166	$ 101	$ —
2023					
Commercial					
Development	$ —	$ —	$ —	$ —	$ —
Real estate	—	—	—	—	—
Commercial and industrial	—	—	—	—	—
Residential real estate and consumer					
One-to-four family owner-occupied	101	—	101	146	—
One-to-four family investor-owned	—	—	—	—	—
Multifamily	—	—	—	—	—
Consumer	—	—	—	—	—
Totals	$ 101	$ —	$ 101	$ 146	$ —

No loans were 90 days or more past due and accruing interest at December 31, 2024 or 2023.

The Company did not have any loan modifications to borrowers experiencing financial difficulty during the years ended December 31, 2024 or 2023.

NOTE 6 – Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation and are summarized as follows:

	December 31,	
	2024	2023
Land	$ 844	$ 844
Buildings	7,073	7,045
Leasehold improvements	324	324
Furniture and equipment	1,733	1,623
Automobile	66	66
Totals	10,040	9,902
Less: Accumulated depreciation	3,890	3,514
Premises and equipment, net	$ 6,150	$ 6,388

Depreciation expense was $376 and $429 for the years ended December 31, 2024 and 2023, respectively.

(Dollars in thousands, except share data)

NOTE 7 - Deposits

The composition of deposits are as follows:

	December 31, 2024	December 31, 2023
Non interest-bearing checking	$ 44,948	$ 48,844
Interest-bearing checking	8,969	11,737
Money market	54,688	60,319
Statement savings accounts	26,350	27,777
Health savings accounts	9,376	10,276
Certificates of deposit	64,325	82,489
Total	$ 208,656	$ 241,442

Certificates of deposit that meet or exceed the FDIC insurance limit of $250 totaled $31,071 and $38,671 at December 31, 2024 and December 31, 2023, respectively.

The scheduled maturities of certificates of deposit are as follows as of December 31, 2024:

2025	$ 61,943
2026	1,702
2027	274
2028	156
2029	250
Total	$ 64,325

NOTE 8– FHLB Advances

There were no outstanding FHLB advances at December 31, 2024 or 2023.

The Company has a master contract agreement with the FHLB that provides for a borrowing up to the lesser of a determined multiple of FHLB stock owned or a determined percentage of the book value of the Company’s qualifying one-to-four family, multifamily, commercial real estate and commercial business loans. The Company pledged approximately $176,756 and $188,223 of one-to-four family, multifamily, commercial real estate and commercial business loans to secure FHLB advances at December 31, 2024 and December 31, 2023, respectively. FHLB provides both fixed and floating rate advances. Floating rates are tied to short-term market rates of interest, such as Federal funds, FHLB discount note or prime rates. Fixed rate advances are priced in reference to market rates of interest at the time of the advance, namely the rates that FHLB pays to borrowers at various maturities. Certain FHLB advances are subject to a prepayment penalty if they are repaid prior to maturity. FHLB advances are also secured by $900 of FHLB stock owned by the Company at December 31, 2024 and December 31, 2023.

At December 31, 2024, the Company’s available and unused portion of this borrowing agreement totaled approximately $122,830. In addition, the Company has a $7,000 federal funds line of credit through Bankers’ Bank of Wisconsin, which was not drawn on as of December 31, 2024. The Company also has the authority to borrow through the Federal Reserve’s Discount Window.

(Dollars in thousands, except share data)

NOTE 9 – 401(k) Plan

The Company sponsors a 401(k) plan that covers substantially all employees. To be eligible to participate, an employee must have completed 90 days of service and be 21 years of age or older. The Company matches 100% of employee contributions up to 4% of their annual compensation. The Company may also make non-elective contributions to the plan at the discretion of the Board of Directors. Expense charged to operations for this plan was $194 and $218 for the years ended December 31, 2024 and 2023, respectively.

NOTE 10 – Income Taxes

The provision for income taxes included in the accompanying financial statements consists of the following components:

	Years ended December 31, 2024	Years ended December 31, 2023
Current Taxes (Benefit)		
Federal	$ 574	$ 138
State	—	—
Total Current Taxes	574	138
Deferred Income Taxes (Benefit)		
Federal	(12)	248
State	(457)	(462)
Total Deferred Income Taxes	(469)	(214)
Change in Valuation Allowance - Deferred	457	723
Change in Valuation Allowance - Stranded Tax Effect	—	242
Total Provision for Income Taxes	$ 562	$ 889

On July 5, 2023, a new Wisconsin tax law created an exemption of income on certain commercial and agricultural loans issued by financial institutions. With this new tax law, the Bank no longer believes it will receive a benefit for the state portion of net deferred tax assets recognized. As a result, the Company has recognized a valuation allowance against the state deferred tax assets at December 31, 2024 and 2023.

In recording the valuation allowance $(457) and $(966) was recognized against results from operations in 2024 and 2023, respectively.

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

(Dollars in thousands, except share data)

The net deferred tax asset in the accompanying balance sheet includes the following amounts of deferred tax assets and liabilities:

	December 31, 2024	December 31, 2023
Deferred Tax Assets		
Allowance for credit losses	$ 881	$ 922
Deferred compensation	90	99
Non-accrual interest	5	3
Purchase accounting	65	56
Equity compensation	159	143
Deferred loan fees	107	121
State net operating loss	895	430
Unrealized loss on available for sale securities	890	975
Other	18	16
Deferred Tax Assets	$ 3,110	$ 2,765
Deferred Tax Liabilities		
Depreciation and amortization	$ (1)	$ (26)
FHLB stock	(23)	(23)
Other	(65)	(80)
Deferred Tax Liabilities	$ (89)	$ (129)
Valuation Allowance - deferred	(1,181)	(723)
Valuation Allowance - stranded tax effect	(242)	(242)
Net Deferred Tax Asset	$ 1,598	$ 1,671

A summary of the sources of differences between income taxes at the federal statutory rate and the provision for income taxes follows:

	Years ended December 31, 2024 Amount	2024 % of Pretax Income	2023 Amount	2023 % of Pretax Income
Reconciliation of statutory to effective rates				
Federal income taxes at statutory rate	$ 620	21.0 %	$ 504	21.0 %
Adjustments for:				
Tax exempt interest on municipal obligations	(19)	(0.6) %	(23)	(1.0) %
State income taxes, net of federal income tax benefit	(457)	(15.5) %	(462)	(19.3) %
Increase in CSV of life insurance	(71)	(2.4) %	(63)	(2.6) %
Equity Compensation	18	0.6 %	26	1.1 %
State Valuation Allowance	457	15.5 %	966	40.3 %
Other	14	0.5 %	(59)	(2.5) %
Provision for income taxes	$ 562	19.0 %	$ 889	37.1 %

With few exceptions, the Company is no longer subject to federal or state examinations by taxing authorities for years before 2020.

(Dollars in thousands, except share data)

NOTE 11 – Commitments and Contingencies

In the normal course of business, the Company may be involved in various legal proceedings. In the opinion of management, any liability resulting from such proceedings would not have a material adverse effect on the Company's financial statements.

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

The Company's exposure to credit loss is represented by the contractual, or notional, amount of these commitments. The Company follows the same credit policies in making commitments as it does for on-balance sheet instruments. Since some of the commitments are expected to expire without being drawn upon, and some of the commitments may not be drawn upon to the total extent of the commitment, the notional amount of these commitments does not necessarily represent future cash requirements of the Company.

The contract amounts of credit-related financial instruments at December 31, 2024 and 2023 are summarized below:

	Notional Amount	
	2024	2023
Unused lines of credit		
Fixed	22,741	25,605
Variable	3,415	4,365
Undisbursed portion of loan proceeds	222	568
Standby letters of credit	2,151	1,841

Unused commitments under lines of credit are commitments for possible future extensions of credit to existing customers. These lines of credit may or may not require collateral and may or may not contain a specific maturity date.

The undisbursed portion of loan proceeds represents undrawn amounts under construction loans. These loans are generally secured by real estate and generally have a specific maturity date.

Standby letters of credit are conditional lending commitments issued by the Company to guarantee the performance of a customer to a third party. Generally, all standby letters of credit issued have expiration dates within one year. The credit risk involved in issuing standby letters of credit is essentially the same as that involved in extending loan facilities to customers. The Company generally holds collateral supporting these commitments. Standby letters of credit are not reflected in the financial statements, since recording the fair value of these guarantees would not have a significant impact on the financial statements.

NOTE 12 – Related-Party Transactions

A summary of loans to directors, executive officers, and their affiliates follows:

	Years ended December 31,	
	2024	2023
Beginning balance	$ 9,414	$ 9,544
Adjustments for changes in related parties	(8,808)	—
New loans	1,663	—
Repayments	(278)	(130)
Ending balance	$ 1,991	$ 9,414

Deposits from directors, executive officers, and their affiliates totaled $2,093 and $1,515 at December 31, 2024 and 2023, respectively.

NOTE 13 – Fair Value

Accounting standards describe three levels of inputs that may be used to measure fair value (the fair value hierarchy). The level of an asset or liability within the fair value hierarchy is based on the lowest level of input significant to the fair value measurement of that asset or liability.

Following is a brief description of each level of the fair value hierarchy:

Level 1 - Fair value measurement is based on quoted prices for identical assets or liabilities in active markets.

Level 2 - Fair value measurement is based on: (1) quoted prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar assets or liabilities in markets that are not active; or (3) valuation models and methodologies for which all significant assumptions are or can be corroborated by observable market data.

Level 3 - Fair value measurement is based on valuation models and methodologies that incorporate at least one significant assumption that cannot be corroborated by observable market data. Level 3 measurements reflect the Company's estimates about assumptions market participants would use in measuring fair value of the asset or liability.

Some assets and liabilities, such as securities available for sale, are measured at fair value on a recurring basis under accounting principles generally accepted in the United States. Other assets and liabilities, such as collateral dependent loans, may be measured at fair value on a nonrecurring basis.

Following is a description of the Company's valuation methodology and significant inputs used for each asset and liability measured at fair value on a recurring or nonrecurring basis, as well as the classification of the asset or liability within the fair value hierarchy.

Available for sale securities - Available for sale securities may be classified as Level 1 or Level 2 measurements within the fair value hierarchy. Level 1 securities include equity securities traded on a national exchange. The fair value measurement of a Level 1 security is based on the quoted price of the security. Level 2 securities include U.S. government and agency securities, obligations of states and political subdivisions, corporate debt securities, and mortgage related securities. The fair value measurement of a Level 2 security is obtained from an independent pricing service and is based on recent sales of similar securities and other observable market data.

Loans - Loans are not measured at fair value on a recurring basis. However, loans considered to be collateral dependent may be measured at fair value on a nonrecurring basis. The fair value measurement of collateral dependent is based on the fair value of the underlying collateral. Independent appraisals are obtained that utilize one or more valuation methodologies - typically they will incorporate a comparable sales approach and an income approach. Management routinely evaluates the fair value measurements of independent appraisers and adjusts those valuations based on differences noted between actual selling prices of collateral and the most recent appraised value. Such adjustments are usually significant, which results in a Level 3 classification. All other collateral dependent loan measurements are based on the present value of expected future cash flows discounted at the applicable effective interest rate and, thus, are not fair value measurements.

Foreclosed assets - Real estate acquired through or in lieu of loan foreclosure is not measured at fair value on a recurring basis. However, foreclosed assets are initially measured at fair value (less estimated costs to sell) when they are acquired and may also be measured at fair value (less estimated costs to sell) if they become subsequently impaired. The fair value measurement for each asset may be obtained from an independent appraiser or prepared internally. Fair value measurements obtained from independent appraisers generally utilize a market approach based on sales of comparable assets and/or an income approach. Such measurements are usually considered Level 2 measurements. However, management routinely evaluates fair value measurements of independent appraisers by comparing actual selling prices to the most recent appraisals. If management determines significant adjustments should be made to the independent appraisals based on these evaluations, these measurements are considered Level 3 measurements. Fair value measurements prepared internally are based on management’s comparisons to sales of comparable assets but include significant unobservable data and are therefore considered Level 3 measurements.

Other equity investments - Certain equity investments are measured at fair value on a non-recurring basis using observable transactions and are classified as Level 2.

(Dollars in thousands, except share data)

Assets measured at fair value on a recurring basis are summarized below:

	Recurring Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
As of December 31, 2024				
Assets:				
Available for sale securities:				
US government and agency securities	$ —	$ 1,346	$ —	$ 1,346
Obligations of states and political subdivisions	—	10,031	—	10,031
Mortgage-backed securities	—	18,092	—	18,092
Certificates of deposit	—	247	—	247
Corporate debt securities	—	5,208	—	5,208
Total available for sale securities	$ —	$ 34,924	$ —	$ 34,924
As of December 31, 2023				
Assets:				
Available for sale securities:				
US government and agency securities	$ —	$ 1,474	$ —	$ 1,474
Obligations of states and political subdivisions	—	10,916	—	10,916
Mortgage-backed securities	—	20,339	—	20,339
Certificates of deposit	—	240	—	240
Corporate debt securities	—	8,116	—	8,116
Total available for sale securities	$ —	$ 41,085	$ —	$ 41,085

Information regarding the fair value of assets measured at fair value on a nonrecurring basis follows:

		Nonrecurring Fair Value Measurements Using		
	Assets Measured at Fair Value	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of December 31, 2024				
Assets:				
Other equity investments	$ 939	$ —	$ 939	$ —
As of December 31, 2023				
Assets:				
Other equity investments	$ 877	$ —	$ 877	$ —

(Dollars in thousands, except share data)

As of December 31, 2024 and December 31, 2023, there were no collateral dependent loans requiring a write down to their estimated fair value.

There were no foreclosed assets as of December 31, 2024 or December 31, 2023.

The carrying value and estimated fair value of financial instruments as of December 31, 2024 and December 31, 2023 follow:

	December 31, 2024				
		Fair Value			
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Financial assets:					
Cash and cash equivalents	$ 6,129	$ 6,129	$ —	$ —	$ 6,129
Available for sale securities	34,924	—	34,924	—	34,924
Loans	224,493	—	—	219,661	219,661
Accrued interest receivable	872	872	—	—	872
Cash value of life insurance	10,947	10,947	—	—	10,947
Other equity investments	1,839	—	939	900	1,839
Financial liabilities:					
Deposits and advance payments to borrowers for taxes and insurance	$ 208,656	$ 144,331	$ —	$ 64,001	$ 208,332
Accrued interest payable	279	279	—	—	279

	December 31, 2023				
		Fair Value			
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Financial assets:					
Cash and cash equivalents	$ 5,754	$ 5,754	$ —	$ —	$ 5,754
Available for sale securities	41,085	—	41,085	—	41,085
Loans held for sale	—	—	—	—	—
Loans	248,690	—	—	242,219	242,219
Accrued interest receivable	1,042	1,042	—	—	1,042
Cash value of life insurance	10,609	10,609	—	—	10,609
Other equity investments	1,777	—	877	900	1,777
Financial liabilities:					
Deposits and advance payments to borrowers for taxes and insurance	$ 241,442	$ 158,953	$ —	$ 82,035	$ 240,988
FHLB advances	—	—	—	—	—
Accrued interest payable	204	204	—	—	204

Limitations - The fair value of a financial instrument is the current amount that would be exchanged between market participants, other than in a forced liquidation. Fair value is best determined based on quoted market prices. However, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. Consequently, the aggregate fair value amounts presented may not necessarily represent the underlying fair value of the Company.

(Dollars in thousands, except share data)

Fair value estimates are made at a specific point in time based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Company's entire holdings of a particular instrument. Because no market exists for a significant portion of the Company's financial instruments, fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature and involve uncertainties and matters that could affect the estimates. Fair value estimates are based on existing on- and off-balance-sheet financial instruments without attempting to estimate the value of anticipated future business. Deposits with no stated maturities are defined as having a fair value equivalent to the amount payable on demand. This prohibits adjusting fair value derived from retaining those deposits for an expected future period of time. This component, commonly referred to as a deposit base intangible, is neither considered in the above amounts, nor is it recorded as an intangible asset on the consolidated balance sheets. In addition, the tax ramifications related to the realization of the unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in the estimates.

NOTE 14 – Equity and Regulatory Matters

The Bank is subject to various regulatory capital requirements administered by 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 Bank must meet specific capital guidelines that involve quantitative measures of assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) of Common Equity Tier 1, Tier 1, and Total capital to risk-weighted assets and of Tier 1 capital to average assets. It is management's opinion, as of December 31, 2024, that the Bank met all applicable capital adequacy requirements.

As of December 31, 2024, the Bank is categorized as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain minimum regulatory capital ratios as set forth in the table. There are no conditions or events since December 31, 2024 that management believes have changed the category.

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

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2024						
Common Equity Tier 1 capital (to risk-weighted assets)	$ 68,584	26.8 %	$ ≥ 11,525	≥ 4.5 %	$ ≥ 16,648	≥ 6.5 %
Tier 1 capital (to risk-weighted assets)	68,584	26.8	≥ 15,367	≥ 6.0	≥ 20,490	≥ 8.0
Total capital (to risk-weighted assets)	71,785	28.0	≥ 20,490	≥ 8.0	≥ 25,612	≥ 10.0
Tier 1 capital (to average assets)	68,584	22.9	≥ 11,966	≥ 4.0	≥ 14,957	≥ 5.0
December 31, 2023						
Common Equity Tier 1 capital (to risk-weighted assets)	$ 65,877	23.8 %	$ ≥ 12,453	≥ 4.5 %	$ ≥ 17,987	≥ 6.5 %
Tier 1 capital (to risk-weighted assets)	65,877	23.8	≥ 16,603	≥ 6.0	≥ 22,138	≥ 8.0
Total capital (to risk-weighted assets)	69,234	25.0	≥ 22,138	≥ 8.0	≥ 27,672	≥ 10.0
Tier 1 capital (to average assets)	65,877	20.2	≥ 13,043	≥ 4.0	≥ 16,304	≥ 5.0

(Dollars in thousands, except share data)

NOTE 15 – Deferred Compensation

The Company has entered into various deferred compensation agreements with key officers. The liability outstanding under the agreements was $332 at December 31, 2024 and $361 at December 31, 2023. The amount charged to operations was $18 and $20 for the twelve months ended December 31, 2024 and 2023, respectively.

NOTE 16 – Employee Stock Ownership Plan

The Company maintains a leveraged employee stock ownership plan ("ESOP") that covers substantially all employees. The Bank makes annual contributions to the ESOP equal to the ESOP's debt service. The ESOP shares initially were pledged as collateral for this debt. As the debt is repaid, shares are released from collateral and allocated to active participants, based on the proportion of debt service paid in the year. Because the debt is intercompany, it is eliminated in consolidation for presentation in these financial statements. The shares pledged as collateral are reported as unearned ESOP shares in the balance sheet.

As shares are committed to be released from collateral and allocated to active participants, the Company reports compensation expense equal to the current market price of the shares and the shares will become outstanding for earnings-per-shares (EPS) computations. During the years ended December 31, 2024 and 2023, 30,584 shares were committed to be released. During the year ended December 31, 2024, the average fair value per share of stock was $13.16 resulting in total ESOP compensation expense of $403. During the year ended December 31, 2023 the average fair value per share of stock was $11.43 resulting in total ESOP compensation expense of $350.

The ESOP shares as of December 31, were as follows:

	2024	2023
Shares allocated to active participants	147,234	119,059
Shares committed to be released and allocated to participants	30,584	30,584
Shares distributed	(3,608)	(2,409)
Total unallocated shares	458,757	489,341
Total ESOP shares	632,967	636,575
Fair Value of unallocated shares (based on $14.24 and $11.99 share price at December 31, 2024 and December 31, 2023, respectively)	$ 6,533	$ 5,867

NOTE 17 - Share-based Compensation Plans

The Company adopted the FFBW, Inc. 2018 Equity Incentive Plan in 2018. In May 2021, the Company adopted the FFBW, Inc. 2021 Equity Incentive Plan. ASC Topic 718 requires that the grant date fair value of equity awards to employees and directors be recognized as compensation expense over the period during which they are required to provide service in exchange for such awards.

The following table summarizes the impact of the Company's share-based payment plans in the financial statements for the period shown:

	Year Ended December 31,	
	2024	2023
Total cost of stock grant plan during the year	$ 164	$ 293
Total cost of stock option plan during the year	137	204
Total cost of share-based payment plans during the year	$ 301	$ 497
Amount of related income tax benefit recognized in income	$ 63	$ 104

(Dollars in thousands, except share data)

The Company adopted the FFBW, Inc. 2018 Equity Incentive Plan (the "2018 Equity Incentive Plan") in 2018. In November 2018, the Company's stockholders approved the 2018 Equity Incentive Plan which authorized the issuance of up to 152,027 restricted stock awards and up to 380,066 stock options. As of December 31, 2024, there were 8,734 restricted stock awards and 23,972 options available for future grants under this plan. In May 2021, the Company's stockholders approved the FFBW, Inc. 2021 Equity Incentive Plan which authorized the issuance of up to 170,742 restricted stock awards and up to 426,857 stock options. As of December 31, 2024, there were 143,242 restricted awards and 370,857 options available for future grants under this plan.

Shares granted under these Equity Incentive Plans may be authorized but unissued, currently held or, to the extent permitted by applicable law, subsequently acquired by the Company as treasury shares, including shares purchased in the open market or in private transactions. Forfeited or canceled shares shall not be deemed to have been delivered for purposes of determining the maximum number of shares of stock available for delivery under the Plan.

Options are granted with an exercise price equal to no less than the market price of the Company's shares at the date of grant: those option awards generally vest pro-rata over five years of service and have 10-year contractual terms. Restricted shares typically vest pro-rata over a five-year period, 20% per year beginning one year from the issuance date. Under the FFBW, Inc. 2021 Equity Incentive Plan, certain restricted shares awarded to Board of Director members vest in one year.

Share amounts related to periods prior to the date of the closing of the Offering on January 16, 2020 have been restated to give retroactive recognition to the 1.1730 exchange ratio applied in the offering.

The following tables summarize stock options activity for the years ended December 31, 2024 and 2023:

	Stock Option Awards	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in dollars)
Options outstanding as of December 31, 2023	359,929	$ 10.39		
Granted	60,000	13.15		
Expired or cancelled	(14,784)	10.50		
Options outstanding as of December 31, 2024	405,145	$ 10.80	5.81	$ 1,245,715
Options exercisable as of December 31, 2024	277,573	$ 10.76	1.39	$ 967,008

	Stock Option Awards	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in dollars)
Options outstanding as of December 31, 2022	343,375	$ 10.84		
Granted	29,500	12.16		
Forfeited	(12,946)	11.05		
Options outstanding as of December 31, 2023	359,929	$ 10.94	5.92	$ 209,995
Options exercisable as of December 31, 2023	258,570	$ 10.75	5.52	$ 176,428

The fair value of each option award is estimated on the date of grant using the Black-Scholes option pricing model based on certain assumptions. Since the Company does not have sufficient historical fair value estimates of its stock, the Company calculates expected volatility using the historical volatility of the Dow Jones U.S. Financial Services Index. The risk-free interest rate for periods within the contractual term of the option is based on the U.S. Treasury yield curve in effect at the time of the grant. The expected life of options is estimated based on the assumption that options will be exercised evenly throughout their life after vesting and represents the period of time that options granted are expected to remain outstanding.

(Dollars in thousands, except share data)

	Number of Options	Weighted Average Grant Date Fair Value
Nonvested options outstanding as of December 31, 2023	101,359	$ 3.50
Granted	60,000	5.38
Vested	(33,788)	3.28
Nonvested options outstanding as of December 31, 2024	127,571	$ 4.44

The following assumptions were used for options granted during the years ended December 31:

	2024		2023	
Risk-free interest rate	4.42	%	3.66	%
Expected volatility	24.92	%	23.87	%
Expected dividend yield	—	%	—	%
Expected life of options (years)	7.5		7.5	
Weighted average fair value per option of options granted during the year	$ 5.38		$ 4.01	

The following is a summary of changes in restricted shares for the years ended December 31, 2024 and 2023:

	Number of Shares	Weighted Average Grant Date Fair Value
Nonvested stock awards as of December 31, 2023	34,950	$ 11.19
Granted	23,500	13.13
Vested	(12,350)	11.17
Nonvested stock awards as of December 31, 2024	46,100	$ 12.19
Nonvested stock awards as of December 31, 2022	51,376	$ 11.43
Granted	18,250	10.65
Vested	(28,303)	11.21
Expired or cancelled	(6,373)	11.50
Nonvested stock awards as of December 31, 2023	34,950	$ 11.19

As of December 31, 2024, there was $562 of total unrecognized compensation cost related to non-vested share-based compensation arrangements (including share option and non-vested share awards) granted under both Equity Incentive Plans. At December 31, 2024, the weighted-average period over which the unrecognized compensation expense is expected to be recognized was approximately 3.53 years.

NOTE 18 – Liquidation Account

In connection with the Company’s second-step mutual to stock conversion which was consummated on January 16, 2020 and in accordance with applicable federal bank regulations, at the time of the Conversion, the Company and the Bank established liquidation accounts which are maintained for the benefit of eligible account holders of the Bank who continue to maintain their accounts at the Bank after the second-step conversion. The liquidation accounts are reduced annually to the extent that eligible holders have reduced their qualifying deposits. Subsequent increases do not restore an eligible account holder’s interest in the liquidation account. In the event of a complete liquidation by the Bank, and only in such event, each eligible account holder will be entitled to receive a distribution from the liquidation account in an amount proportionate to the adjusted qualifying account balances then held. The Bank may not pay dividends if those dividends would reduce equity capital below the required liquidation account amount.

NOTE 19 – Subsequent Events

Subsequent events have been evaluated through March 5, 2025, which is the date the financial statements are available to be issued, and there are no matters that require additional disclosure.