



FINANCIAL CORP.

- THE HOLDING COMPANY OF WEST VIEW SAVINGS BANK -

2024

PROXY STATEMENT AND ANNUAL REPORT



FINANCIAL

C O R P O R A T I O N

(412) 364-1911

- THE HOLDING COMPANY OF WEST VIEW SAVINGS BANK -

September 13, 2024

Dear Stockholder:

You are cordially invited to attend the annual meeting of stockholders of WVS Financial Corp. The meeting will be held at St. Brendan's Episcopal Church, located at 2365 McAleer Road, Sewickley, Pennsylvania on Tuesday, October 29, 2024 at 10:00 a.m., Eastern time. The matters to be considered by stockholders at the annual meeting are described in the accompanying materials.

Directions to St. Brendan's Episcopal Church from West View Savings Bank's main office at 9001 Perry Highway, Pittsburgh, Pennsylvania:

- Go north on Perry Highway for approximately 0.8 miles
- Turn left onto West Ingomar Road/Yellow Belt and go approximately 2.3 miles
- Turn right onto Rochester Road and go approximately 0.6 miles
- Turn left onto McAleer Road: St. Brendan's Episcopal Church is approximately 0.1 miles on the right side at 2365 McAleer Road, Sewickley, Pennsylvania

It is very important that your shares be voted at the annual meeting regardless of the number you own or whether you are able to attend the meeting in person. We urge you to mark, sign, and date your proxy card today and return it in the envelope provided, even if you plan to attend the annual meeting. This will not prevent you from voting in person, but will ensure that your vote is counted if you are unable to attend. You may also vote by telephone or over the internet by following the instructions on your proxy card.

Your continued support of and interest in WVS Financial Corp. is sincerely appreciated.

A handwritten signature in black ink, appearing to read 'David J. Bursic'.

David J. Bursic
President and Chief Executive Officer

A handwritten signature in black ink, appearing to read 'John A. Howard, Jr.'.

John A. Howard, Jr.
Chairman of the Board

WVS FINANCIAL CORP.
9001 Perry Highway
Pittsburgh, Pennsylvania 15237
(412) 364-1911

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held on October 29, 2024

NOTICE IS HEREBY GIVEN that an annual meeting of stockholders of WVS Financial Corp. (the "Company") will be held at St. Brendan's Episcopal Church, located at 2365 McAleer Road, Sewickley, Pennsylvania on Tuesday, October 29, 2024 at 10:00 a.m., Eastern time, for the following purposes, all of which are more completely set forth in the accompanying proxy statement:

- (1) To elect one director for a four-year term and until his successor is elected and qualified;
- (2) To ratify the appointment of S.R. Snodgrass, P.C. as the Company's independent registered public accounting firm for the fiscal year ending June 30, 2025; and
- (3) To transact such other business as may properly come before the meeting or any adjournment thereof. Management is not aware of any other such business.

The board of directors has fixed August 23, 2024 as the voting record date for the determination of stockholders entitled to notice of and to vote at the annual meeting and at any adjournment thereof. Only those stockholders of record as of the close of business on that date will be entitled to vote at the annual meeting or at any such adjournment.

By Order of the Board of Directors



Michael R. Rutan
Corporate Secretary

Pittsburgh, Pennsylvania
September 13, 2024

YOU ARE CORDIALLY INVITED TO ATTEND THE ANNUAL MEETING. IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED REGARDLESS OF THE NUMBER YOU OWN. EVEN IF YOU PLAN TO BE PRESENT, YOU ARE URGED TO COMPLETE, SIGN, DATE AND RETURN THE ENCLOSED PROXY PROMPTLY IN THE ENVELOPE PROVIDED. IF YOU ATTEND THE MEETING, YOU MAY VOTE EITHER IN PERSON OR BY PROXY. YOU MAY VOTE BY TELEPHONE OR OVER THE INTERNET BY FOLLOWING THE INSTRUCTIONS ON YOUR PROXY CARD. ANY PROXY GIVEN MAY BE REVOKED BY YOU IN WRITING OR IN PERSON AT ANY TIME PRIOR TO THE EXERCISE THEREOF.

WVS FINANCIAL CORP.

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

OCTOBER 29, 2024

This proxy statement is furnished to holders of common stock of WVS Financial Corp. (the “Company”), the holding company of West View Savings Bank (the “Savings Bank”). Proxies are being solicited on behalf of the board of directors of the Company to be used at the annual meeting of stockholders to be held at St. Brendan’s Episcopal Church, located at 2365 McAleer Road, Sewickley, Pennsylvania on Tuesday, October 29, 2024 at 10:00 a.m., Eastern time, and at any adjournment thereof for the purposes set forth in the Notice of Annual Meeting of Stockholders. This proxy statement is first being mailed to stockholders on or about September 13, 2024.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be Held on October 29, 2024. This proxy statement and the 2024 Annual Report to Stockholders are available at the website: www.proxyvote.com.

The proxy solicited hereby, if properly signed and returned to the Company and not revoked prior to its use, will be voted in accordance with the instructions contained therein. You may also vote by telephone or over the internet by following the instructions on your proxy card. If no contrary instructions are given, each proxy received will be voted in the manner recommended by the board of directors as described below and, upon the transaction of such other business as may properly come before the meeting, in accordance with the best judgment of the persons appointed as proxies. Any stockholder giving a proxy has the power to revoke it at any time before it is exercised by (i) filing with the Secretary of the Company written notice thereof (Corporate Secretary, WVS Financial Corp., 9001 Perry Highway, Pittsburgh, Pennsylvania 15237); (ii) submitting a duly-executed proxy bearing a later date; or (iii) appearing at the annual meeting and giving the Secretary notice of his or her intention to vote in person. Proxies solicited hereby may be exercised only at the annual meeting and any adjournment thereof and will not be used for any other meeting.

VOTING

Only stockholders of record of the Company at the close of business on August 23, 2024 (the “record date”) are entitled to notice of and to vote at the annual meeting and at any adjournment thereof. On the record date, there were 1,680,510 shares of common stock of the Company issued and outstanding and the Company had no other class of equity securities outstanding.

Each share of common stock is entitled to one vote at the annual meeting on all matters properly presented at the meeting. The presence in person or by proxy of at least a majority of the issued and outstanding shares of common stock entitled to vote is necessary to constitute a quorum at the annual meeting. Directors are elected by a plurality of the votes cast with a quorum present. The nominee for director receiving the most votes will be elected as a director. The affirmative vote of a majority of the total votes present, in person or by proxy, at the annual meeting is required for approval of the proposal to ratify the Company’s independent registered public accounting firm for fiscal 2025.

If your shares are held in “street name,” your broker may not vote on certain matters if you do not furnish instructions for such proposals. You should use the voting instruction form provided by the institution that holds your shares to instruct your broker to vote your shares or else your shares may not be voted or may be considered “broker non-votes.” Broker non-votes are shares held by brokers or nominees as to which voting instructions have not been received from the beneficial owners or the persons entitled to vote those shares and the broker or nominee does not have the discretionary voting power under rules applicable to broker-dealers. Under these rules, the proposal to elect directors is not an item which brokerage firms may vote in their discretion on behalf of their clients if such clients have not furnished voting instructions. Your broker may vote in his or her discretion on the ratification of the appointment of our independent registered public accounting firm for fiscal 2025 if you do not furnish instructions.

Abstentions will be counted for purposes of determining the presence of a quorum at the annual meeting. Because of the required votes, abstentions and broker non-votes will have no effect on the voting for the election of directors. However, abstentions will have the same effect as a vote against the proposal to ratify the appointment of the Company's independent registered public accounting firm for fiscal 2025.

**INFORMATION WITH RESPECT TO THE NOMINEE FOR DIRECTOR,
DIRECTORS WHOSE TERMS CONTINUE AND EXECUTIVE OFFICERS**

Election of Directors

The articles of incorporation of the Company provide that the board of directors of the Company shall be divided into four classes which are as equal in number as possible, and that members of each class of directors are to be elected for a term of four years. The number of directors currently authorized under our bylaws is five. One class is to be elected annually. Stockholders of the Company are not permitted to cumulate their votes for the election of directors.

At the annual meeting, stockholders of the Company will be asked to elect one director for a four-year term and until his successor is elected and qualified. The nominee was selected by the board of directors and approved by the independent members of the board. The nominee currently serves as a director. There are no arrangements or understandings between the person named and any other person pursuant to which such person was selected as a nominee for election as a director at the annual meeting. The nominee for director is not related to any other director or executive officer of the Company by blood, marriage or adoption.

Unless otherwise directed, each proxy executed and returned by a stockholder will be voted for the election of the nominee for director listed below. If the person named as nominee should be unable or unwilling to stand for election at the time of the annual meeting, the proxy will nominate and vote for any replacement nominee recommended by the board of directors. At this time, the board of directors knows of no reason why the nominee listed below may not be able to serve as a director if elected. The person receiving the greatest number of votes of the holders of common stock represented in person or by proxy at the annual meeting will be elected as a director of the Company.

The following tables present information concerning the nominee for director of the Company and each director whose term continues, including their tenure as a director of the Company.

Nominee for Director For a Four-Year Term Expiring in 2028

| Name | Age ⁽¹⁾ | Principal Occupation During the Past Five Years | Director Since |
|-----------------|--------------------|--|----------------|
| David J. Bursic | 62 | Director; President and Chief Executive Officer of the Company and the Savings Bank since June 1998; prior thereto served as Senior Vice President, Treasurer and Chief Financial Officer of the Company and the Savings Bank since 1992 and in various positions with the Company and the Savings Bank since 1985. Mr. Bursic serves as a special advisor to the board of North Hills Community Outreach, a non-profit organization. Mr. Bursic also serves as a member of the Superintendent's Business Roundtable for the North Allegheny School District and as a participant on the Federal Reserve Bank of Atlanta's Decision-Maker Panel. | 1998 |
| | | Mr. Bursic's service as President and Chief Executive Officer, his prior positions with the Company, extensive experience in the local banking industry and involvement in business and civic organizations in the Savings Bank's market area provide the board of directors valuable insight regarding the business and operations of the Company. | |

The Board of Directors recommends you vote FOR election of the nominee for Director.

Members of the Board of Directors Continuing in Office

Directors Whose Term Expires in 2025

| Name | Age ⁽¹⁾ | Principal Occupation During the Past Five Years | Director Since |
|----------------------|--------------------|---|----------------|
| Edward F. Twomey III | 70 | <p>Managing Director – Fixed Income Division at Loop Capital Markets, an investment banking and broker dealer firm providing investment banking, public finance and analytical services with headquarters located in Chicago, Illinois. Previously, Mr. Twomey was with InspereX LLC where he served as Senior Vice President of their Institutional Sales Group.</p> <p>Mr. Twomey’s broad financial experience provides valuable industry expertise and awareness to the Board of Directors.</p> | 2015 |
| Joseph W. Unger | 63 | <p>Director; Retired; Former President of White Heating, Inc., a heating, cooling and air products and services provider located in Pittsburgh, Pennsylvania, since 1978. In addition, Mr. Unger has served as an Advisory Board Member of the A.W. Beattie Career Center, a trade school located in Pittsburgh, Pennsylvania, since 1994 and formerly served in various positions, including President, for the Air Conditioning Contractors of America from 1989 to 1996. Mr. Unger also serves as a member of the Builders Association of Metropolitan Pittsburgh, the North Suburban Builders Association, the Better Business Bureau and the North Pittsburgh Chamber of Commerce.</p> <p>Mr. Unger’s extensive business experience and service in the local market make him well qualified to serve as a director of the Company.</p> | 2013 |

Director Whose Term Expires in 2026

| Name | Age ⁽¹⁾ | Principal Occupation During the Past Five Years | Director Since |
|---------------------|--------------------|---|----------------|
| John A. Howard, Jr. | 70 | <p>Chairman of the Board; Retired. Formerly served as Senior Vice President, Chief Financial Officer, Secretary and Treasurer of Laurel Capital Group, Inc. and its wholly owned subsidiary, Laurel Savings Bank, Allison Park, Pennsylvania until September 2006.</p> <p>Mr. Howard brings valuable audit and public company reporting experience to the board from his prior service as Chief Financial Officer for two publicly traded holding companies of financial institutions in the greater Pittsburgh area.</p> | 2014 |

Director Whose Term Expires in 2027

| Name | Age ⁽¹⁾ | Principal Occupation During the Past Five Years | Director Since |
|--------------------|--------------------|---|----------------|
| Lawrence M. Lehman | 72 | <p>Director; Retired. Former Office Manager, Dinnin & Parker Associates, an insurance agency located in Oakmont, Pennsylvania; Former owner/sole proprietor of Newton-Lehman Agency, an insurance agency located in Pittsburgh, Pennsylvania.</p> <p>Mr. Lehman’s background as a business owner in the Company’s market area positions him as well qualified to serve as a director.</p> | 2002 |

(1) As of June 30, 2024.

Independence of the Company's Board of Directors

It is the policy of the board of directors of the Company that a substantial majority of its directors be independent of the Company within the meaning of applicable laws and regulations.

Our board of directors has affirmatively determined that a majority of our directors are independent. The current independent directors are Messrs. Howard, Lehman, Twomey and Unger. Our board of directors also has affirmatively determined that each member of the audit committee and the compensation committee of the board of directors is independent within the meaning of applicable laws and regulations.

Nominations Process

The board of directors actively oversees the business and management of the Company through regular board and committee meetings. The board of directors has established certain committees to address recurring business matters such as audit, compensation and finance. Based upon the infrequent business need to add new directors, the Company's board of directors chooses to address director nominations at the board level and does not have a standing nominating committee.

The Company's board of directors considers and evaluates nominees for the election of directors, subject to approval of a majority of the independent members of the board. As discussed above, each of the current independent members of the board is independent. During fiscal 2024, the board met once in connection with nominations for director.

The board of directors considers candidates for director suggested by its members, as well as management and stockholders. A stockholder who desires to recommend a prospective nominee for the board should notify the Company's Secretary or the Chairman of the Board in writing with whatever supporting material the stockholder considers appropriate. The board also considers whether to nominate any person nominated pursuant to the provision of the Company's articles of incorporation relating to stockholder nominations, which is described under "Stockholder Nominations" below. The board of directors has the authority and ability to retain a search firm to identify or evaluate potential nominees if it so desires.

Once the board of directors has identified a prospective nominee, the board makes an initial determination as to whether to conduct a full evaluation of the candidate. This initial determination is based on whatever information is provided to the board with the recommendation of the prospective candidate, as well as the board member's own knowledge of the prospective candidate, which may be supplemented by inquiries to the person making the recommendation or others.

Stockholder Nominations

Article 7.F of the Company's articles of incorporation governs nominations for election to the board of directors and requires all such nominations, other than those made by the board, to be made at a meeting of stockholders called for the election of directors, and only by a stockholder who has complied with the notice provisions in that section. Stockholder nominations must be made pursuant to timely notice in writing to the Secretary of the Company. To be timely, a stockholder's notice must be delivered to, or mailed and received at, the principal executive offices of the Company not later than 60 days prior to the anniversary date of the immediately preceding annual meeting. Each written notice of a stockholder nomination shall set forth: (a) as to each person whom the stockholder proposes to nominate for election or re-election as a director and as to the stockholder giving the notice (i) the name, age, business address and residence address of such person, (ii) the principal occupation or employment of such person, (iii) the class and number of shares of Company stock which are beneficially owned by such person on the date of such stockholder notice, and (iv) any other information relating to such person that is required to be disclosed in solicitations of proxies with respect to nominees for election as directors, pursuant to Regulation 14A under the Securities Exchange Act of 1934, and would be required to be filed on Schedule 14B with the Securities and Exchange Commission, if the Company were subject to such regulations (or any successors of such items or schedules); and (b) as to the stockholder giving the notice (i) the name and address, as they appear on the Company's books, of such stockholder and any other stockholders known by such stockholder to be supporting such nominees and (ii) the class and number of shares of Company stock which are beneficially owned by such stockholder on the date of such stockholder notice and, to the extent known, by any other stockholders known by such stockholder to be supporting

such nominees on the date of such stockholder notice. The presiding officer of the meeting may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedures.

Committees and Meetings of the Board of the Company and the Savings Bank

Regular meetings of the board of directors of the Company are held on at least a quarterly basis. The board of directors of the Company held a total of 4 regular meetings during the fiscal year ended June 30, 2024.

Audit Committee. The board of directors of the Company has established an audit committee which consists of Messrs. Howard (Chairman), Lehman, Twomey and Unger, all of whom are independent outside directors. The audit committee meets with the Company's internal auditor, engages the Company's external independent registered public accounting firm and reviews their reports. The audit committee meets at least quarterly and met four times during fiscal 2024.

The board of directors has adopted an audit committee charter. The audit committee charter is available on the Company's website at www.wvsbank.com.

Compensation Committee. The compensation committee of the board of directors determines compensation for executive officers. During the fiscal year ended June 30, 2024, the members of the committee were Messrs. Howard (Chairman), Lehman, Twomey and Unger. The compensation committee met once during fiscal 2024. The compensation committee has not adopted a written charter.

Finance Committee. The finance committee of the Company consists of Messrs. Lehman (Chairman), Howard, Twomey and Unger and from management, Mr. Bursic. The finance committee, which approves all securities purchased by the Company and the Savings Bank, meets at least quarterly and met 12 times during fiscal 2024.

The board of directors of the Company has also established an executive committee.

The board of directors of the Savings Bank meets on a monthly basis and may have additional special meetings upon the request of the President or a majority of the directors. During the fiscal year ended June 30, 2024, the board of directors of the Savings Bank met 12 times. The board of directors of the Savings Bank has established various committees, some of which act jointly with the Company's respective similar board committee. These committees include: an audit committee, a classification of assets review committee, a Community Reinvestment Act committee, a compensation committee, an executive committee, a finance committee, a loan committee and a nominating committee.

Loan Committee. The loan committee of the Savings Bank consists of Messrs. Bursic from management (Chairman), Howard, Lehman, Twomey and Unger. The loan committee, which approves all loans originated by the Savings Bank, meets monthly and met 12 times during fiscal 2024.

**BENEFICIAL OWNERSHIP OF COMMON STOCK
BY CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth the beneficial ownership of the common stock as of the record date, and certain other information with respect to (i) the Company's Employee Stock Ownership Plan, (ii) each director and nominee for director of the Company, (iii) each executive officer of the Company, and (iv) all directors, nominees for director and executive officers of the Company as a group.

| Name of Beneficial Owner or Number of Persons in Group | Amount and Nature of Beneficial Ownership as of August 23, 2024 ⁽¹⁾⁽²⁾ | Percent of Common Stock |
|--|--|----------------------------|
| WVS Financial Corp. Employee Stock Ownership Plan 9001 Perry Highway Pittsburgh, Pennsylvania 15237 | 251,934 ⁽³⁾ | 15.0% |
| Directors and nominees: | | |
| David J. Bursic | 222,581 ⁽⁴⁾ | 13.2 |
| John A. Howard, Jr. | 7,849 ⁽⁵⁾ | * |
| Lawrence M. Lehman | 7,408 ⁽⁶⁾ | * |
| Edward F. Twomey III | 13,167 ⁽⁷⁾ | * |
| Joseph W. Unger | 2,000 | * |
| Executive officers: | | |
| James M. Hein | 0 ⁽⁸⁾ | -- |
| Robert B. Kastan | 0 ⁽⁹⁾ | -- |
| Michael R. Rutan | 10,172 ⁽¹⁰⁾ | * |
| All directors, nominee for director and executive officers as a group (8 persons) | 263,177 ⁽¹¹⁾ | 15.7 |

* Less than 1% of the outstanding common stock.

- (1) Based upon records of the Company's transfer agent and information furnished by the respective shareholder. Shares of common stock are deemed to be beneficially owned by a person if he or she directly or indirectly has or shares (i) voting power, which includes the power to vote or to direct the voting of the shares, or (ii) investment power, which includes the power to dispose or to direct the disposition of the shares. Unless otherwise indicated, the named beneficial owner has sole voting and dispositive power with respect to the shares.
- (2) A person is deemed to have beneficial ownership of any shares of common stock which may be acquired within 60 days of the record date.
- (3) Mr. Howard is the trustee of the trust created pursuant to the WVS Financial Corp. Employee Stock Ownership Plan ("ESOP"). The indicated holdings represent shares held in the ESOP, of which 135,371 shares have been allocated to participating employees and generally will be voted at the direction of the participants and 116,563 shares are unallocated and are generally voted by the trustee in his discretion.
- (4) Includes 83,614 shares held jointly with Mr. Bursic's wife, 41,646 held directly by Mr. Bursic, 9,738 shares held solely by Mr. Bursic's wife, 200 shares held by Mr. Bursic's children, 1,731 shares held in the Company's deferred compensation plan for the account of Mr. Bursic, 11,798 shares held in an individual retirement account ("IRA") for the account of Mr. Bursic and 73,854 shares held in the ESOP for the account of Mr. Bursic.
- (5) The indicated shares are held jointly by Mr. Howard and his wife. Mr. Howard serves as trustee for the ESOP. Does not include the shares held in the ESOP, which Mr. Howard disclaims beneficial ownership of and have been allocated to participating employees and will generally be voted at the direction of the participant.

- (6) Includes 2,613 shares held in an IRA for the account of Mr. Lehman's wife's IRA and 4,795 shares held in Mr. Lehman's IRA.
- (7) Includes 5,540 shares held in an IRA for the account of Mr. Twomey.
- (8) Mr. Hein began service with the Company on February 26, 2024 and has not yet received an allocation of shares from the ESOP.
- (9) Mr. Kastan left the Company on February 9, 2024 and was not eligible to receive an allocation of shares from the ESOP.
- (10) The indicated shares are held in the ESOP for the account of Mr. Rutan.
- (11) Includes on behalf of directors and executive officers as a group 84,026 shares held in the ESOP and 1,731 shares held in the Company's deferred compensation plan.

RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The audit committee of the board of directors of the Company has appointed S.R. Snodgrass, P.C., independent certified public accountants, to perform the audit of the Company's financial statements for the year ending June 30, 2025, and directed that the selection of the independent registered public accounting firm be submitted for ratification by the stockholders at the annual meeting.

The Company has been advised by S.R. Snodgrass that neither that firm nor any of its associates has any relationship with the Company or its subsidiaries other than the usual relationship that exists between independent certified public accountants and clients. S.R. Snodgrass will have one or more representatives at the annual meeting who will have an opportunity to make a statement, if they so desire, and will be available to respond to appropriate questions.

Relationship with Independent Public Accounting Firm

The audit committee of the board of directors has appointed S.R. Snodgrass, P.C. as the independent registered public accounting firm to audit the Company's financial statements for the year ending June 30, 2025. The audit committee considered the compatibility of the non-audit services provided to the Company by S.R. Snodgrass during fiscal 2024 on the independence of S.R. Snodgrass from the Company in evaluating whether to appoint S.R. Snodgrass to perform the audit of the Company's financial statements for the year ending June 30, 2025.

The audit committee selects the Company's independent registered public accounting firm and pre-approves all audit services to be provided by it to the Company. The audit committee also reviews and pre-approves all audit-related, tax and all other services rendered by our independent registered public accounting firm in accordance with the audit committee's charter and policy on pre-approval of audit-related, tax and other services. In its review of these services and related fees and terms, the audit committee considers, among other things, the possible effect of the performance of such services on the independence of our independent registered public accounting firm. Pursuant to its policy, the audit committee pre-approves certain audit-related services and certain tax services which are specifically described by the audit committee on an annual basis and separately approves other individual engagements as necessary. The pre-approval requirements do not apply to certain services if: (i) the aggregate amount of such services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its independent registered public accounting firm during the year in which the services are provided; (ii) such services were not recognized by the Company at the time of the engagement to be other services; and (iii) such services are promptly brought to the attention of the committee and approved by the committee or by one or more members of the committee to whom authority to grant such approvals has been delegated by the committee prior to the completion of the audit. The committee may delegate to one or more designated members of the committee the authority to grant required pre-approvals. The decisions of any member to whom authority is delegated to pre-approve an activity shall be presented to the full committee at its next scheduled meeting.

The board of directors recommends that you vote FOR the ratification of the appointment of S.R. Snodgrass, P.C. as independent registered public accounting firm for the fiscal year ending June 30, 2025.

STOCKHOLDER PROPOSALS

Stockholder proposals may be brought before an annual meeting pursuant to Article 10D of the Company's articles of incorporation, which provides that business at an annual meeting of stockholders must be (a) properly brought before the meeting by or at the direction of the board of directors, or (b) otherwise properly brought before the meeting by a stockholder. For business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the Company. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Company not less than 60 days prior to the anniversary date of the immediately preceding annual meeting. A stockholder's notice must set forth as to each matter the stockholder proposes to bring before an annual meeting (a) a brief description of the business desired to be brought before the annual meeting, (b) the name and address, as they appear on the Company's books, of the stockholder proposing such business, (c) the class and number of shares of common stock of the Company which are beneficially owned by the stockholder and to the extent known, by any other stockholders known by such stockholder to be supporting such proposal, and (d) any financial interest of the stockholder in such proposal. Accordingly, stockholder proposals submitted under the Company's articles of incorporation in connection with the next annual meeting of stockholders must be received by the Company no later than August 26, 2025.

ANNUAL REPORTS

A copy of the Company's 2024 Annual Report to Stockholders, including the Company's audited financial statements for the years ended June 30, 2024 and 2023 accompanies this proxy statement. Such annual report is not part of the proxy solicitation materials.

OTHER MATTERS

Management is not aware of any business to come before the annual meeting other than the matters described above in this proxy statement. However, if any other matters should properly come before the meeting, it is intended that the proxies solicited hereby will be voted with respect to those other matters in accordance with the judgment of the persons voting the proxies.

The cost of the solicitation of proxies will be borne by the Company. The Company will reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending the proxy materials to the beneficial owners of the Company's common stock. In addition to solicitations by mail, directors, officers and employees of the Company may solicit proxies personally or by telephone without additional compensation.



WVS FINANCIAL CORP.

2024 ANNUAL REPORT

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- THE HOLDING COMPANY OF WEST VIEW SAVINGS BANK -

To Our Shareholders:

During fiscal 2024, the Federal Reserve Open Market Committee (FOMC) increased its targeted range of the federal funds rate one time to a range of 5.25% - 5.50% - a 22 year high. While the FOMC has maintained this restrictive monetary posture since July 2023, recent speeches made by FOMC members, including Chairman Jerome Powell, seem to indicate that the FOMC will begin to reduce its targeted range of the federal funds rate as soon as September 2024.

Net income for fiscal 2024 totaled \$1.4 million or \$0.86 per diluted share, as compared to \$1.7 million or \$1.02 per diluted share for fiscal 2023. Most of the decrease in net income during fiscal 2024 is attributable to lower levels of net interest income (due to higher interest expenses on borrowings and deposits), higher provisions for credit losses (due primarily to loan growth and the adoption of a new accounting standard for credit losses) and increased non-interest expenses (mostly due to employee compensation and federal deposit insurance expenses) when compared to fiscal 2023. During fiscal 2024, income tax expense decreased due to lower levels of taxable income when compared to the same period in 2023.

Credit quality remains exceptionally strong with no loan losses recorded in over ten years. The loan portfolio is mostly comprised of single-family homes in or near the communities that we serve. We have no out of state loans or loans on office buildings.

Liquidity, in the form of cash and cash equivalents, totaled \$15.5 million at June 30, 2024 as compared to \$5.7 million June 30, 2023. Holding higher levels of liquid assets allowed us to earn higher levels of interest income (since short-term interest rates were higher than intermediate and long-term interest rates), to cover lending related commitments and to be able to paydown borrowings if warranted.

The Board of Directors is committed to maintaining the “well capitalized” status of West View Savings Bank. Meanwhile, at the bank holding company level, we have:

- Maintained our regular quarterly cash dividend of \$0.10 per share;
- Paid a special cash dividend of \$0.04 per share;
- Repurchased over 44,000 shares of our common stock including the completion of Stock Buyback Program #13, which targeted 100,000 shares.
- Announced Stock Buyback Program #14 which targets 100,000 shares, of which more than 35,000 shares have been bought through August 31, 2024;
- Completed the second year of listing on the OTCQX Market. Please log onto www.otcmarkets.com to see bids / asks by market makers, trading volumes and other information about the Company.

On a more somber note, I regret to inform you of the passing of two former Board members – John M. Seifarth and John W. Grace.

John Seifarth joined the Board in 1991 with the merger of Home Savings Association of Bellevue into West View Savings Bank. John was an engineer by profession and served as General Manager of the Moon Township Municipal Authority until his retirement.

John Grace joined the Board in 2007, was ultimately elected Chairman of the Board and most recently served as Chairman Emeritus. In 1980 John co-founded a highly respected financial advisory firm which focused on community financial institutions. John also served in a number of senior financial positions including Treasurer of the Federal Home Loan Bank of Pittsburgh.

We thank you for investing in WVS Financial Corp., our loyal customers for banking with West View Savings Bank and our employees for their continued dedication and hard work each and every day.



David J. Bursic
President and Chief Executive Officer



John A. Howard, Jr.
Chairman of the Board of Directors

**FIVE YEAR SUMMARY OF SELECTED CONSOLIDATED
FINANCIAL AND OTHER DATA**

| | As of or For the Year Ended June 30, | | | | |
|--|---|-----------------|-----------------|-----------------|-----------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 |
| | (Dollars in Thousands, except per share data) | | | | |
| Selected Financial Data: | | | | | |
| Total assets | \$360,179 | \$362,839 | \$362,777 | \$346,078 | \$357,101 |
| Net loans receivable | 76,353 | 73,138 | 76,487 | 80,684 | 91,032 |
| Mortgage-backed securities | 198,440 | 186,426 | 127,559 | 82,459 | 97,106 |
| Investment securities | 44,797 | 65,076 | 139,718 | 167,066 | 151,134 |
| Deposit accounts | 124,773 | 137,707 | 151,174 | 157,167 | 151,335 |
| FHLB advances – short-term fixed | 10,136 | 10,664 | 167,208 | 113,093 | 59,159 |
| FHLB advances – short-term variable | 110,847 | 107,000 | - | - | - |
| FHLB advances – long-term fixed | - | - | 5,000 | 10,000 | 15,000 |
| FHLB advances – long-term variable | - | - | - | 25,000 | 85,000 |
| Other borrowings | 70,808 | 65,840 | - | - | - |
| Other short-term borrowings | - | - | - | - | 7,000 |
| Stockholders' equity | 37,754 | 37,179 | 36,759 | 38,389 | 36,913 |
| Non-performing assets, troubled debt restructurings and potential problem loans(1) | - | - | - | - | - |
| Selected Operating Data: | | | | | |
| Interest income | \$15,743 | \$13,063 | \$5,741 | \$5,754 | \$10,485 |
| Interest expense | <u>10,415</u> | <u>7,532</u> | <u>932</u> | <u>891</u> | <u>3,854</u> |
| Net interest income | 5,328 | 5,531 | 4,809 | 4,863 | 6,631 |
| Provision (credit) for credit losses | 63 | (26) | (69) | (53) | 70 |
| (Credit) provision for credit losses- unfunded commitments | <u>(5)</u> | <u>1</u> | <u>-</u> | <u>(25)</u> | <u>22</u> |
| Net interest income after provision for credit losses | 5,270 | 5,556 | 4,878 | 4,941 | 6,539 |
| Non-interest income | 364 | 365 | 472 | 475 | 362 |
| Non-interest expense | <u>3,731</u> | <u>3,643</u> | <u>3,682</u> | <u>3,675</u> | <u>3,541</u> |
| Income before income tax expense | 1,903 | 2,278 | 1,668 | 1,741 | 3,360 |
| Income tax expense | <u>526</u> | <u>570</u> | <u>424</u> | <u>445</u> | <u>870</u> |
| Net income | <u>\$ 1,377</u> | <u>\$ 1,708</u> | <u>\$ 1,244</u> | <u>\$ 1,296</u> | <u>\$ 2,490</u> |
| Per Share Information: | | | | | |
| Basic earnings | \$ 0.86 | \$ 1.02 | \$ 0.72 | \$ 0.74 | \$ 1.41 |
| Diluted earnings | \$ 0.86 | \$ 1.02 | \$ 0.72 | \$ 0.74 | \$ 1.41 |
| Dividends per share | \$ 0.44 | \$ 0.40 | \$ 0.40 | \$ 0.40 | \$ 0.40 |
| Dividend payout ratio | 51.04% | 39.17% | 55.56% | 54.05% | 28.37% |
| Book value per share at period end: | | | | | |
| Common Equity | \$ 22.33 | \$ 21.43 | \$ 20.01 | \$ 20.37 | \$ 19.36 |
| Tier I Equity | \$ 22.44 | \$ 21.74 | \$ 20.63 | \$ 20.11 | \$ 19.65 |
| Average shares outstanding: | | | | | |
| Basic | 1,597,308 | 1,672,059 | 1,736,702 | 1,748,592 | 1,768,201 |
| Diluted | 1,597,308 | 1,672,059 | 1,736,702 | 1,748,592 | 1,768,201 |

**FIVE YEAR SUMMARY OF SELECTED CONSOLIDATED
FINANCIAL AND OTHER DATA**

| | 2024 | As of or For the Year Ended June 30, | | | 2020 |
|---|--------|--------------------------------------|--------|--------|--------|
| | 2023 | 2022 | 2021 | 2020 | |
| Selected Operating Ratios(2): | | | | | |
| Average yield earned on interest-earning assets(3) | 4.51% | 3.69% | 1.66% | 1.82% | 3.00% |
| Average rate paid on interest-bearing liabilities | 3.59 | 2.47 | 0.31 | 0.34 | 1.29 |
| Average interest rate spread(4) | .92 | 1.22 | 1.35 | 1.48 | 1.71 |
| Net interest margin(4) | 1.53 | 1.56 | 1.39 | 1.54 | 1.90 |
| Ratio of interest-earning assets to interest-bearing liabilities | 120.17 | 116.07 | 116.37 | 121.91 | 117.40 |
| Non-interest expense as a percent of average assets | 1.04 | 1.00 | 1.03 | 1.12 | 0.99 |
| Return on average assets | 0.38 | 0.47 | 0.35 | 0.40 | 0.69 |
| Return on average equity | 3.61 | 4.60 | 3.27 | 3.40 | 6.90 |
| Ratio of average equity to average assets | 10.61 | 10.18 | 10.30 | 11.71 | 10.06 |
| Branch offices at end of period | 5 | 5 | 5 | 6 | 6 |
| Asset Quality Ratios(2): | | | | | |
| Non-performing and potential problem loans and troubled debt restructurings as a percent of net total loans(1) | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Non-performing assets as a percent of total assets(1) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Non-performing assets, troubled debt restructurings and potential problem loans as a percent of total assets(1) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Allowance for credit losses as a percent of total loans receivable | 0.70 | 0.64 | 0.64 | 0.70 | 0.68 |
| Allowance for credit losses as a percent of non-performing loans(5) | NMF | NMF | NMF | NMF | NMF |
| Charge-offs to average loans receivable outstanding during the period | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Capital Ratios(2): | | | | | |
| Common Equity Tier 1 risk-based capital ratio | 33.04% | 29.98% | 18.94% | 18.76% | 18.55% |
| Tier 1 risk-based capital ratio | 33.04 | 29.98 | 18.94 | 18.76 | 18.55 |
| Total risk-based capital ratio | 33.51 | 30.35 | 19.21 | 19.06 | 18.88 |
| Tier 1 leverage capital ratio | 10.43 | 10.35 | 10.30 | 11.71 | 10.16 |

- (1) Non-performing assets consist of non-performing loans and real estate owned ("REO"). Non-performing loans consist of non-accrual loans and accruing loans greater than 90 days delinquent, while REO consists of real estate acquired through foreclosure and real estate acquired by acceptance of a deed in lieu of foreclosure. Potential problem loans include loans where management has some doubt as to the ability of the borrower to comply with present loan repayment terms.
- (2) Consolidated asset quality ratios and capital ratios are end of period ratios, except for charge-offs to average net loans. With the exception of end of period ratios, all ratios are based on average monthly balances during the indicated periods.
- (3) Interest and yields on tax-exempt loans and securities (tax-exempt for federal income tax purposes) are shown on a fully taxable equivalent basis.
- (4) Interest rate spread represents the difference between the weighted-average yield on interest-earning assets and the weighted-average cost of interest-bearing liabilities, and net interest margin represents net interest income as a percent of average interest-earning assets.
- (5) NMF – No meaningful figure due to no non-performing loans.



INDEPENDENT AUDITOR'S REPORT

Board of Directors and Stockholders
WVS Financial Corp.
Pittsburgh, Pennsylvania

Opinion

We have audited the accompanying consolidated financial statements of WVS Financial Corp. and subsidiary (the "Company"), which comprise the consolidated balance sheets as of June 30, 2024 and 2023; the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the years then ended; and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 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.

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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Company changed its method of accounting for credit losses effective July 1, 2023, due to the adoption of Accounting Standards Codification (ASC) Topic 326, *Financial Instruments – Credit Losses*. Our opinion is not modified with respect to this matter.

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.

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WHEELING, WV

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STEUBENVILLE, OH

511 N. Fourth Street
Steubenville, OH 43952
(304) 233-5030

S.R. Snodgrass, P.C. d/b/a S.R. Snodgrass, A.C. in West Virginia



Responsibilities of Management for the Financial Statements (Continued)

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 within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about 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.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the shareholders' letter and the selected consolidated financial and other data which is included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.



Other Information Included in the Annual Report (Continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

S.R. Snodgrass, P.C.

Cranberry Township, Pennsylvania
September 6, 2024

WVS FINANCIAL CORP.
CONSOLIDATED BALANCE SHEET
(In thousands)

| | June 30, | |
|--|-------------------|-------------------|
| | 2024 | 2023 |
| ASSETS | | |
| Cash and due from banks | \$ 3,714 | \$ 2,690 |
| Interest-earning demand deposits | 11,839 | 2,969 |
| Total cash and cash equivalents | 15,553 | 5,659 |
| Certificates of deposit | 11,728 | 19,512 |
| Investment securities available for sale (amortized cost of \$27,824 and \$47,551) | 27,656 | 46,916 |
| Investment securities held to maturity (fair value of \$16,238 and \$16,923, net of allowance for credit losses of \$0) | 17,141 | 18,160 |
| Mortgage-backed securities available for sale (amortized cost of \$9,742 and \$1,962) | 9,715 | 1,956 |
| Mortgage-backed securities held to maturity net of allowance for securities credit losses of \$318,000 and \$323,000, respectively (fair value of \$162,927 and \$163,058) | 188,725 | 184,470 |
| Net loans receivable (allowance for credit losses of \$537 and \$470) | 76,353 | 73,138 |
| Accrued interest receivable | 1,495 | 1,516 |
| Federal Home Loan Bank stock, at cost | 5,071 | 4,918 |
| Premises and equipment (net) | 535 | 589 |
| Bank owned life insurance | 5,380 | 5,249 |
| Deferred tax assets (net) | 609 | 646 |
| Other assets | 218 | 110 |
| TOTAL ASSETS | \$ 360,179 | \$ 362,839 |
| LIABILITIES | | |
| Deposits | \$ 124,773 | \$ 137,707 |
| Federal Home Loan Bank advances: short-term – fixed rate | 10,136 | 10,664 |
| Federal Home Loan Bank advances: short-term – variable rate | 110,847 | 107,000 |
| Other Short-Term Borrowings | 70,808 | 65,840 |
| Total advances and term funding | 191,791 | 183,504 |
| Accrued interest payable | 2,878 | 1,739 |
| Other liabilities | 2,983 | 2,710 |
| TOTAL LIABILITIES | 322,425 | 325,660 |
| STOCKHOLDERS' EQUITY | | |
| Preferred stock, no par value; 5,000,000 shares authorized; none outstanding | - | - |
| Common stock, par value \$0.01; 10,000,000 shares authorized; 3,805,636 shares issued | 38 | 38 |
| Additional paid-in capital | 21,629 | 21,632 |
| Treasury stock (2,114,661 and 2,070,648 shares at cost) | (31,721) | (31,171) |
| Retained earnings - substantially restricted | 49,436 | 48,774 |
| Accumulated other comprehensive loss | (187) | (541) |
| Unallocated Employee Stock Ownership Plan ("ESOP") shares | (1,441) | (1,553) |
| TOTAL STOCKHOLDERS' EQUITY | 37,754 | 37,179 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 360,179 | \$ 362,839 |

See accompanying notes to the consolidated financial statements.

WVS FINANCIAL CORP.
CONSOLIDATED STATEMENT OF INCOME
(In thousands, except share and per share data)

| | Year Ended June 30, | | |
|---|---------------------|-----------------|-----------------|
| | 2024 | 2023 | 2022 |
| INTEREST AND DIVIDEND INCOME | | | |
| Loans, including fees | \$ 2,923 | \$ 2,671 | \$ 2,796 |
| Investment securities | 2,316 | 3,193 | 1,540 |
| Mortgage-backed securities | 9,098 | 6,355 | 1,114 |
| Certificates of deposit | 948 | 233 | 6 |
| Interest-earning demand deposits | 104 | 76 | 6 |
| Federal Home Loan Bank stock | 354 | 535 | 279 |
| Total interest and dividend income | <u>15,743</u> | <u>13,063</u> | <u>5,741</u> |
| INTEREST EXPENSE | | | |
| Deposits | 730 | 322 | 143 |
| Federal Home Loan Bank advances – short-term | 5,560 | 6,455 | 580 |
| Federal Home Loan Bank advances – long-term – variable rate | - | - | 35 |
| Federal Home Loan Bank advances – long-term – fixed rate | - | 40 | 174 |
| Other short-term borrowings | 4,125 | 715 | - |
| Total interest expense | <u>10,415</u> | <u>7,532</u> | <u>932</u> |
| NET INTEREST INCOME | 5,328 | 5,531 | 4,809 |
| PROVISION (CREDIT) FOR CREDIT LOSSES | 63 | (26) | (69) |
| (CREDIT) PROVISION FOR CREDIT LOSSES – UNFUNDED COMMITMENTS | (5) | 1 | - |
| NET INTEREST INCOME AFTER (CREDIT) PROVISION FOR CREDIT LOSSES | <u>5,270</u> | <u>5,556</u> | <u>4,878</u> |
| NONINTEREST INCOME | | | |
| Service charges on deposits | 85 | 91 | 97 |
| Earnings on bank owned life insurance | 131 | 117 | 112 |
| Investment securities (loss) gains | - | (4) | 79 |
| Gain on disposal of assets | 6 | - | - |
| ATM fee income | 109 | 127 | 142 |
| Other | 33 | 34 | 42 |
| Total noninterest income | <u>364</u> | <u>365</u> | <u>472</u> |
| NONINTEREST EXPENSE | | | |
| Salaries and employee benefits | 2,387 | 2,339 | 2,316 |
| Occupancy and equipment | 226 | 237 | 282 |
| Data processing | 239 | 240 | 240 |
| Correspondent bank charges | 43 | 43 | 39 |
| Federal deposit insurance premium | 166 | 130 | 96 |
| ATM network expense | 92 | 88 | 82 |
| Other | 577 | 566 | 627 |
| Total noninterest expense | <u>3,730</u> | <u>3,643</u> | <u>3,682</u> |
| INCOME BEFORE INCOME TAXES | 1,904 | 2,278 | 1,668 |
| INCOME TAX EXPENSE | <u>527</u> | <u>570</u> | <u>424</u> |
| NET INCOME | <u>\$ 1,377</u> | <u>\$ 1,708</u> | <u>\$ 1,244</u> |
| EARNINGS PER SHARE: | | | |
| Basic | \$ 0.86 | \$ 1.02 | \$ 0.72 |
| Diluted | \$ 0.86 | \$ 1.02 | \$ 0.72 |
| AVERAGE SHARES OUTSTANDING: | | | |
| Basic | 1,597,308 | 1,672,059 | 1,736,702 |
| Diluted | 1,597,308 | 1,672,059 | 1,736,702 |

See accompanying notes to the consolidated financial statements.

WVS FINANCIAL CORP.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)
(In thousands)

| | Year Ended June 30, | | |
|---|---------------------|----------|----------|
| | 2024 | 2023 | 2022 |
| NET INCOME | \$ 1,377 | \$ 1,708 | \$ 1,244 |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | |
| Investment securities available for sale: | | | |
| Gains (losses) arising during the year | 446 | 756 | (2,013) |
| LESS: Income tax effect | (94) | (159) | 423 |
| | 352 | 597 | (1,590) |
| Losses (gains) recognized in earnings | - | 4 | (79) |
| LESS: Income tax effect | - | (1) | 17 |
| | - | 3 | (62) |
| Unrealized holding gains (losses) on investment securities available for sale, net of tax | 352 | 600 | (1,652) |
| Accretion of other comprehensive gain on securities held to maturity | 3 | 3 | 9 |
| LESS: Income tax effect | (1) | (1) | (2) |
| | 2 | 2 | 7 |
| Unrealized holding gains on securities held to maturity, net of tax | 2 | 2 | 7 |
| Other comprehensive income (loss) | 354 | 602 | (1,645) |
| COMPREHENSIVE INCOME (LOSS) | \$ 1,731 | \$ 2,310 | \$ (401) |

See accompanying notes to the consolidated financial statements.

WVS FINANCIAL CORP.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(In thousands, except share and per share data)

| | Common Stock | Additional Paid-in Capital | Treasury Stock | Retained Earnings – Substantially Restricted | Accumulated Other Comprehensive Income (Loss) | Unallocated ESOP Shares | Total |
|--|-----------------|----------------------------------|--------------------|---|--|-------------------------------|------------------|
| Balance June 30, 2021 | \$ 38 | \$ 21,596 | \$ (29,119) | \$ 47,186 | \$ 502 | \$ (1,814) | \$ 38,389 |
| Net Income | | | | 1,244 | | | 1,244 |
| Other comprehensive loss | | | | | (1,645) | | (1,645) |
| Purchase of treasury stock (46,643 shares) | | | (696) | | | | (696) |
| Amortization of unallocated ESOP shares | | 27 | | | | 136 | 163 |
| Cash dividends declared (\$0.40 per share) | | | | (696) | | | (696) |
| Balance June 30, 2022 | <u>38</u> | <u>21,623</u> | <u>(29,815)</u> | <u>47,734</u> | <u>(1,143)</u> | <u>(1,678)</u> | <u>36,759</u> |
| Net income | | | | 1,708 | | | 1,708 |
| Other comprehensive income | | | | | 602 | | 602 |
| Purchase of treasury stock (102,483 shares) | | | (1,356) | | | | (1,356) |
| Amortization of unallocated ESOP shares | | 9 | | | | 125 | 134 |
| Cash dividends declared (\$0.40 per share) | | | | (668) | | | (668) |
| Balance June 30, 2023 | <u>38</u> | <u>21,632</u> | <u>(31,171)</u> | <u>48,774</u> | <u>(541)</u> | <u>(1,553)</u> | <u>37,179</u> |
| Net income | | | | 1,377 | | | 1,377 |
| Other comprehensive income | | | | | 354 | | 354 |
| Purchase of treasury stock (44,013 shares) | | | (550) | | | | (550) |
| Amortization of unallocated ESOP shares | | (3) | | | | 112 | 109 |
| Cumulative impact of adoption of ASU 2016-13, net of tax | | | | (12) | | | (12) |
| Cash dividends declared (\$0.44 per share) | | | | (703) | | | (703) |
| Balance June 30, 2024 | <u>\$ 38</u> | <u>\$ 21,629</u> | <u>\$ (31,721)</u> | <u>\$ 49,436</u> | <u>\$ (187)</u> | <u>\$ (1,441)</u> | <u>\$ 37,754</u> |

See accompanying notes to the consolidated financial statements.

WVS FINANCIAL CORP.
CONSOLIDATED STATEMENT OF CASH FLOWS
(In thousands)

| | Year Ended June 30, | | |
|---|---------------------|-----------------|-----------------|
| | 2024 | 2023 | 2022 |
| OPERATING ACTIVITIES | | | |
| Net income | \$ 1,377 | \$ 1,708 | \$ 1,244 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Provision (credit) for credit losses | 58 | (25) | (69) |
| Depreciation | 70 | 67 | 88 |
| Investment securities losses (gains) | - | 4 | (79) |
| Amortization of discounts, premiums, and deferred loan fees, net | (482) | 4 | 1,206 |
| Amortization of unallocated ESOP shares | 109 | 134 | 163 |
| Deferred income taxes | (63) | (59) | (60) |
| (Decrease) increase in accrued taxes | (33) | 45 | 216 |
| Earnings on bank owned life insurance | (131) | (117) | (112) |
| Increase in accrued employee benefits | 212 | 207 | 201 |
| Decrease (increase) in accrued interest receivable | 21 | (593) | (174) |
| Increase in accrued interest payable | 1,139 | 1,425 | 159 |
| Net gain on disposal of premises and equipment | (6) | - | - |
| Increase in deferred director compensation payable | 89 | 83 | 74 |
| Other, net | (92) | (8) | (305) |
| Net cash provided by operating activities | <u>2,268</u> | <u>2,875</u> | <u>2,552</u> |
| INVESTING ACTIVITIES | | | |
| Available for sale: | | | |
| Purchase of investment securities | (49,709) | (102,741) | (58,393) |
| Proceeds from repayments of investment securities | 69,731 | 186,260 | 66,266 |
| Proceeds from sales and calls of investment securities | - | - | 10,786 |
| Purchase of mortgage-backed securities | (9,773) | (1,957) | - |
| Proceeds from repayments of mortgage-backed securities | 2,038 | - | - |
| Held to maturity: | | | |
| Purchase of investment securities | - | (9,389) | - |
| Purchase of mortgage-backed securities | (14,732) | (61,539) | (83,448) |
| Proceeds from repayments of investment securities | 1,020 | 1,185 | 5,540 |
| Proceeds from repayments of mortgage-backed securities | 10,595 | 4,702 | 38,388 |
| Purchases of certificates of deposit | (3,968) | (19,162) | (100) |
| Maturities/redemptions of certificates of deposit | 11,745 | - | 100 |
| Purchases of loans | - | - | (3,722) |
| Net (increase) decrease in net loans receivable | (3,258) | 3,444 | 7,887 |
| Purchase of Federal Home Loan Bank stock | (6,530) | (7,651) | (13,839) |
| Redemption of Federal Home Loan Bank stock | 6,377 | 9,795 | 12,821 |
| Proceeds from disposal of premises and equipment | 48 | - | - |
| Acquisition of premises and equipment | (58) | (81) | (6) |
| Net cash provided by (used for) investing activities | <u>13,526</u> | <u>2,866</u> | <u>(17,720)</u> |
| FINANCING ACTIVITIES | | | |
| Net decrease in deposits | (12,934) | (13,467) | (5,993) |
| Repayments of Federal Home Loan Bank long-term advances | - | (5,000) | (30,000) |
| Net increase (decrease) in Federal Home Loan Bank short-term advances | 3,319 | (49,544) | 54,115 |
| Net proceeds from other short-term borrowings | 4,968 | 65,840 | - |
| Purchase of treasury stock | (550) | (1,356) | (696) |
| Cash dividends paid | (703) | (668) | (696) |
| Net cash provided by (used for) financing activities | <u>(5,900)</u> | <u>(4,195)</u> | <u>16,730</u> |
| Increase in cash and cash equivalents | 9,894 | 1,546 | 1,562 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | <u>5,659</u> | <u>4,113</u> | <u>2,551</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>\$ 15,553</u> | <u>\$ 5,659</u> | <u>\$ 4,113</u> |
| SUPPLEMENTAL CASH FLOW INFORMATION | | | |
| Cash paid during the year for: | | | |
| Interest | \$ 9,276 | \$ 6,107 | \$ 773 |
| Taxes | 613 | 592 | 385 |

See accompanying notes to the consolidated financial statements.

**WVS FINANCIAL CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

WVS Financial Corp. (“WVS” or the “Company”) is a Pennsylvania-chartered unitary bank holding company which owns 100 percent of the common stock of West View Savings Bank (“West View” or the “Savings Bank”). The operating results of the Company depend primarily upon the operating results of the Savings Bank and, to a lesser extent, income from interest-earning assets such as investment securities.

West View is a Pennsylvania-chartered, FDIC-insured stock savings bank conducting business from five offices in the North Hills suburbs of Pittsburgh. The Savings Bank’s principal sources of revenue originate from its portfolio of residential real estate and commercial mortgage loans as well as income from investment and mortgage-backed securities.

The Company is supervised by the Board of Governors of the Federal Reserve System (“Federal Reserve”), while the Savings Bank is subject to regulation and supervision by the Federal Deposit Insurance Corporation (“FDIC”) and the Pennsylvania Department of Banking and Securities.

Basis of Presentation

The consolidated financial statements include the accounts of WVS and its wholly owned subsidiary, West View. All intercompany transactions have been eliminated in consolidation. The accounting and reporting policies of WVS and West View conform to U.S. generally accepted accounting principles. The Company’s fiscal year-end for financial reporting is June 30. For regulatory and income tax reporting purposes, WVS reports on a December 31 calendar year basis.

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the Consolidated Balance Sheet date and revenues and expenses for that period. Actual results could differ significantly from those estimates.

Investment and Mortgage-Backed Securities

Investment and mortgage-backed securities are classified at the time of purchase as securities held to maturity or securities available for sale based on management’s ability and intent. Investment and mortgage-backed securities acquired with the ability and intent to hold to maturity are stated at cost adjusted for amortization of premium and accretion of discount, which are computed using the level-yield method and recognized as adjustments of interest income. Amortization rates for mortgage-backed securities are periodically adjusted to reflect changes in the prepayment speeds of the underlying mortgages. Certain other investment securities have been classified as available for sale to serve principally as a source of liquidity. Unrealized holding gains and losses for available-for-sale securities are reported as a separate component of stockholders’ equity, net of tax, until realized. Realized securities gains and losses are computed using the specific identification method. Interest and dividends on investment and mortgage-backed securities are recognized as income when earned.

Common stock of the Federal Home Loan Bank (the “FHLB”) represents ownership in an institution which is wholly owned by other financial institutions. This equity security is accounted for at cost and reported separately on the accompanying Consolidated Balance Sheet.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment and Mortgage-Backed Securities (Continued)

The Company retains an independent third party to assist it in the determination of fair values for its Private-Label collateralized mortgage obligations (“CMOs”). This valuation is meant to be a “Level Three” valuation as defined by ASC Topic 820, Fair Value Measurements and Disclosures. The valuation does not represent the actual terms or prices at which any party could purchase the securities. There is currently no active secondary market for Private-Label CMOs and there can be no assurance that any secondary market for Private-Label CMOs will develop. The Company believes that the Private-Label CMO portfolio had three other than temporary impairments at June 30, 2024.

The Company believes that the data and assumptions used to determine the fair values are reasonable. The fair value calculations reflect relevant facts and market conditions. Events and conditions occurring after the valuation date could have a material effect on the Private-Label CMO segment’s fair value.

Allowance for Credit Losses - Available for Sale Securities

For available for sale securities in an unrealized loss position, the Company first assesses whether it intends to sell, or it is more than 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 securities available for sale that do not meet the above criteria, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, the Company considers the extent to which fair value is less than amortized cost, any changes to the rating by a rating agency, and adverse conditions 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 the 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. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income, net of tax.

The allowance for credit losses on available-for-sale debt securities is included within Investment securities available-for-sale on the consolidated balance sheet. Changes in the allowance for credit losses are recorded within Provision for credit losses on the consolidated statement of income. Losses are charged against the allowance when the Bank believes the collectability of an available-for-sale security is in jeopardy or when either of the criteria regarding intent or requirement to sell is met.

Allowance for Credit Losses – Held-to-Maturity Securities

The Bank measures expected credit losses on held-to-maturity debt securities, which are primarily comprised of U.S. government agency securities and residential mortgage-backed securities. The Bank’s residential mortgage-backed security and collateralized mortgage obligation holdings are primarily issued by U.S. government entities and agencies and are either explicitly or implicitly guaranteed by the U.S. government, are highly rated by major rating agencies and have a long history of no credit losses. Accrued interest receivable on held-to-maturity debt securities is included within accrued interest receivable on the Consolidated Balance Sheet and is excluded from the estimate of expected credit losses.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Loans Receivable

Net loans receivable are reported at their principal amount, net of the allowance for credit losses (“ACL”) and deferred loan fees. Interest on mortgage, consumer, and commercial loans is recognized on the accrual method. The Company’s general policy is to stop accruing interest on loans when, based upon relevant factors, the collection of principal or interest is doubtful, regardless of the contractual status. Interest received on nonaccrual loans is recorded as income or applied against principal according to management’s judgment as to the collectability of such principal.

Loan origination and commitment fees, and all incremental direct loan origination costs, are deferred and recognized over the contractual remaining lives of the related loans on a level-yield basis.

Allowance for Credit Losses

On July 1, 2023, the Company adopted ASU 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. This accounting standard replaced the previously utilized incurred loss method with a current expected credit loss (“CECL”) methodology. CECL incorporates an estimate of credit losses for the remaining life of the financial asset using historical loss experience, current economic conditions, periodic evaluation of individual loans, changes in the composition and volume of the portfolio and reasonable and supportable factors. It generally applies to financial assets including loans and certain off-balance sheet items such as unfunded loan commitments.

Upon adoption, the Company used the Federal Reserve Bank Scaled CECL Allowance for Losses Estimator (“SCALE”) Model method for all loans and unfunded commitments. The transition adjustment of the adoption of CECL resulted in an increase in the ACL of \$4 thousand, an increase in the ACL for unfunded loan commitments of \$12 thousand, which is recorded in other liabilities. The Company recorded a net decrease to retained earnings of \$12 thousand for the cumulative effect of adopting CECL, net of the related deferred tax assets recorded. Results for financial reporting periods beginning after July 1, 2023 are presented under CECL, while prior period amounts continue to be reported in accordance with previously applicable accounting standards (the “incurred loss” method).

The Company adopted ASU 2022-02, Financial Instruments-Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures on January 1, 2023. The amendments in the ASU were applied prospectively, and therefore, loan modification and charge off information is provided for only those items occurring after the July 1, 2023 adoption date.

The ACL represents management’s estimate of expected losses in the loan portfolio as of the consolidated balance sheet date and is recorded as a reduction to loans. Accordingly, all loan losses are charged to the allowance, and all recoveries are credited to it. The allowance for credit losses is established through a provision for credit losses charged to operations. The estimates used in determining the adequacy of the allowance for credit losses, including the amounts and timing of future

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Credit Losses (Continued)

cash flows expected on loans that were individually evaluated for impairment, are particularly susceptible to changes in the near term. The Company has elected to exclude accrued interest receivable in the measurement of its ACL.

Based on the guidance in ASU 2022-02 a loan modification or refinancing results in a new loan if the terms of the new loan are at least as favorable to the lender as the terms with customers with similar collection risks that are not refinancing or restricting their loans and the modification to the terms of the loan are more than minor. If a loan modification or refinancing does not result in a new loan, it is classified as a loan modification.

There are additional disclosures for modification of loans with borrowers experiencing financial difficulty that result in a direct change in the timing or amount of contractual cash flows. The disclosures are applicable to situations where there is principal forgiveness, interest rate reductions, other than insignificant payment delays, term extensions, or a combination of any of these items. If the Company modifies any loans to borrowers in financial distress that involves principal forgiveness, the amount of principal that is forgiven is charged off against the ACL.

A financial asset is considered collateral-dependent when the debtor is experiencing financial difficulty and repayment is expected to be provided substantially through the sale or operation of the collateral. For all classes of loans and leases deemed collateral-dependent, the Company elected the practical expedient to estimate expected credit losses based on the collateral's fair value less cost to sell. All of the collateral consists of various types of real estate including residential properties; multi-family residential properties; commercial properties such as small retail centers, gasoline convenience stores, and land development loans for single-family residences.

Real Estate Owned

Real estate owned acquired through foreclosure is carried at the lower of cost or fair value minus estimated costs to sell. Costs relating to development and improvement of the property are capitalized, whereas costs of holding such real estate are expensed as incurred.

Premises and Equipment

Land is carried at cost, while premises and equipment are stated at cost, less accumulated depreciation. Depreciation is principally computed on the straight-line method over the estimated useful lives of the related assets, which range from 3 to 25 years for furniture and equipment and 7 to 50 years for building premises. Leasehold improvements are amortized over the shorter of their estimated useful lives or their respective lease terms, which range from 5 to 40 years. Expenditures for maintenance and repairs are charged against income as incurred. Costs of major additions and improvements are capitalized.

Income Taxes

Deferred tax assets and liabilities are computed based on the difference between the financial statement and the income tax basis of assets and liabilities using the enacted marginal tax rates. Deferred income taxes or benefits are based on the changes in the deferred tax asset or liability from period to period.

The Company files a consolidated federal income tax return. Deferred tax assets and liabilities are reflected at currently enacted income tax rates applicable to the period in which such items are expected to be realized or settled. As changes in tax rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Earnings Per Share

The Company provides dual presentation of basic and diluted earnings per share. Basic earnings per share are calculated by dividing net income available to common stockholders by the weighted-average number of common shares outstanding during the period. Diluted earnings per share are calculated by dividing net income available to common stockholders, adjusted for the effects of any dilutive securities, by the weighted-average number of common shares outstanding, adjusted for the effects of any dilutive securities.

Comprehensive Income (Loss)

The Company is required to present comprehensive income (loss) and its components in a full set of general-purpose financial statements for all periods presented. Other comprehensive income is composed exclusively of net unrealized holding gains (losses) on its available-for-sale securities portfolio, and the net non-credit component of other-than-temporary impairment on its held-to-maturity Private-Label CMO portfolio.

Cash Flow Information

Cash and cash equivalents include cash and due from banks and interest-earning demand deposits with original maturities of 90 days or less. Cash flows from loans, deposits, and short-term borrowings are reported net.

Reclassification of Comparative Figures

Certain comparative amounts for prior years have been reclassified to conform to current-year presentations. Such reclassifications did not affect net income or stockholders' equity.

2. REVENUE RECOGNITION-NON INTEREST INCOME

The main types of noninterest income are as follows: service charges on deposit accounts - the Company has contracts with its deposit customers where fees are charged if certain parameters are not met. These agreements can be cancelled at any time by either the Company or the deposit customer. Revenue from these transactions is recognized on a monthly basis as the Company has an unconditional right to the fee consideration. The Company also has transaction fees related to specific transactions or activities resulting from a customer request or activity that include overdraft fees, online banking fees, interchange fees, ATM fees and other transaction fees. All of these fees are attributable to specific performance obligations of the Company where the revenue is recognized at a defined point in time upon the completion of the requested service/transaction.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. EARNINGS PER SHARE

The following table sets forth the computation of the weighted-average common shares used to calculate basic and diluted earnings per share for the fiscal years ended June 30.

| | 2024 | 2023 | 2022 |
|--|-------------|-------------|-------------|
| Weighted-average common shares issued | 3,805,636 | 3,805,636 | 3,805,636 |
| Average treasury stock shares | (2,085,064) | (2,001,290) | (1,926,746) |
| Average unallocated ESOP shares | (123,264) | (132,287) | (142,188) |
| Weighted-average common shares and common stock equivalents used to calculate basic earnings per share | 1,597,308 | 1,672,059 | 1,736,702 |
| Additional common stock equivalents (stock options) used to calculate diluted earnings per share | - | - | - |
| Weighted-average common shares and common stock equivalents used to calculate diluted earnings per share | 1,597,308 | 1,672,059 | 1,736,702 |

There are no convertible securities that would affect the numerator in calculating basic and diluted earnings per share; therefore, net income as presented on the Consolidated Statement of Income is used.

The unallocated shares controlled by the ESOP are not considered in the weighted-average shares outstanding until the shares are committed for allocation to an employee's individual account.

4. CERTIFICATES OF DEPOSIT

The investment in interest-earning certificates of deposit as of June 30, 2024 and 2023, by contractual maturity, is as follows:

| | 2024 | 2023 |
|----------------------------------|------------------------|-----------|
| | (Dollars in Thousands) | |
| Due in 1 year or less | \$ 11,480 | \$ 12,247 |
| Due after 1 year through 5 years | 248 | 7,265 |
| | \$ 11,728 | \$ 19,512 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. INVESTMENT SECURITIES

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

| | <u>Amortized Cost</u> | <u>Gross Unrealized Gains</u> | <u>Gross Unrealized Losses</u> | <u>Fair Value</u> |
|---|---------------------------|---------------------------------------|--|-----------------------|
| | (Dollars in Thousands) | | | |
| <u>2024</u> | | | | |
| AVAILABLE FOR SALE | | | | |
| U.S. government agency securities | \$ 3,195 | \$ - | \$ (205) | \$ 2,990 |
| Corporate debt securities | 18,781 | 68 | - | 18,849 |
| Commercial paper | 3,388 | - | - | 3,388 |
| Foreign debt securities ¹ | 2,000 | 8 | - | 2,008 |
| Obligations of states and political subdivisions | <u>460</u> | <u>-</u> | <u>(39)</u> | <u>421</u> |
| Total | <u>\$ 27,824</u> | <u>\$ 76</u> | <u>\$ (244)</u> | <u>\$ 27,656</u> |

| | <u>Amortized Cost</u> | <u>Gross Unrealized Gains</u> | <u>Gross Unrealized Losses</u> | <u>Fair Value</u> |
|---|---------------------------|---------------------------------------|--|-----------------------|
| | (Dollars in Thousands) | | | |
| <u>2024</u> | | | | |
| HELD TO MATURITY | | | | |
| U.S. government agency securities | \$ 17,141 | \$ - | \$ (903) | \$ 16,238 |
| Obligations of states and political subdivisions | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 17,141</u> | <u>\$ -</u> | <u>\$ (903)</u> | <u>\$ 16,238</u> |

| | <u>Amortized Cost</u> | <u>Gross Unrealized Gains</u> | <u>Gross Unrealized Losses</u> | <u>Fair Value</u> |
|---|---------------------------|---------------------------------------|--|-----------------------|
| | (Dollars in Thousands) | | | |
| <u>2023</u> | | | | |
| AVAILABLE FOR SALE | | | | |
| U.S. government agency securities | \$ 3,195 | \$ - | \$ (296) | \$ 2,899 |
| Corporate debt securities | 34,912 | 33 | (290) | 34,655 |
| Foreign debt securities ¹ | 8,910 | 7 | (35) | 8,882 |
| Obligations of states and political subdivisions | <u>534</u> | <u>-</u> | <u>(54)</u> | <u>480</u> |
| Total | <u>\$ 47,551</u> | <u>\$ 40</u> | <u>\$ (675)</u> | <u>\$ 46,916</u> |

¹ U.S. dollar-denominated investment-grade corporate bonds of large foreign corporate issuers.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. INVESTMENT SECURITIES (Continued)

| | <u>Amortized Cost</u> | <u>Gross Unrealized Gains</u> | <u>Gross Unrealized Losses</u> | <u>Fair Value</u> |
|--|---------------------------|---------------------------------------|--|-----------------------|
| | (Dollars in Thousands) | | | |
| <u>2023</u> | | | | |
| HELD TO MATURITY | | | | |
| U.S. government agency securities | \$ 17,140 | \$ - | \$ (1,227) | \$ 15,913 |
| Obligations of states and political subdivisions | <u>1,020</u> | <u>-</u> | <u>(10)</u> | <u>1,010</u> |
| Total | <u>\$ 18,160</u> | <u>\$ -</u> | <u>\$ (1,237)</u> | <u>\$ 16,923</u> |

The Company had no allowance for credit losses related to investment securities for the fiscal year 2024.

There were no sales of investments during the fiscal years 2024 and 2023. During fiscal year 2022, the Company recorded gross realized investment securities gains of \$79 thousand and received proceeds from sales of investment securities of \$10.8 million.

The amortized cost and fair values of investment securities at June 30, 2024, by contractual maturity, are shown below. Expected maturities may differ from the contractual maturities because issuers may have the right to call securities prior to their final maturities.

| | <u>Due in one year or less</u> | <u>Due after one through five years</u> | <u>Due after five through ten years</u> | <u>Due after ten years</u> | <u>Total</u> |
|------------------------|--|---|---|--------------------------------|--------------|
| | (Dollars in Thousands) | | | | |
| AVAILABLE FOR SALE | | | | | |
| Amortized cost | \$ 9,846 | \$ 17,978 | \$ - | \$ - | \$ 27,824 |
| Fair value | 9,864 | 17,792 | - | - | 27,656 |
| Weighted-average yield | 6.13% | 4.75% | - | - | 5.24% |
| HELD TO MATURITY | | | | | |
| Amortized cost | \$ - | \$ 10,391 | \$ 6,750 | \$ - | \$ 17,141 |
| Fair value | - | 10,163 | 6,075 | - | 16,238 |
| Weighted-average yield | - | 3.75% | 1.75% | - | 2.96% |

At June 30, 2024, investment securities with amortized costs of \$20.3 million and \$8.3 million, and fair values of \$19.2 million and \$8.4 million, were pledged to secure borrowings with the Federal Home Loan Bank of Pittsburgh ("FHLB") and the Federal Reserve Bank of Cleveland ("FRB"), respectively. At June 30, 2023, investment securities with amortized costs of \$16.4 million and \$123.6 million, and fair values of \$15.0 million and \$111.4 million, were pledged to secure borrowings with the FHLB and the FRB, respectively.

In addition, as of June 30, 2024 unpledged investment securities with amortized costs of \$16.3 million and fair values of \$16.3 million could be pledged to secure borrowings with either the FHLB or the FRB in accordance with their lending policies.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. MORTGAGE-BACKED SECURITIES

Mortgage-backed securities ("MBS") include mortgage pass-through certificates ("PCs") and collateralized mortgage obligations ("CMOs"). With a pass-through security, investors own an undivided interest in the pool of mortgages that collateralize the PCs. Principal and interest are passed through to the investor as they are generated by the mortgages underlying the pool. PCs and CMOs may be insured or guaranteed by Freddie Mac ("FHLMC"), Fannie Mae ("FNMA"), and the Government National Mortgage Association ("GNMA"). CMOs may also be privately issued with varying degrees of credit enhancements. A CMO reallocates mortgage pool cash flow to a series of bonds with varying stated maturities, estimated average lives, coupon rates, and prepayment characteristics.

The Company's CMO portfolio is comprised of two segments: CMOs backed by U.S. Government Agencies ("Agency CMOs") and CMOs backed by single-family whole loans not guaranteed by a U.S. Government Agency ("Private-Label CMOs").

At June 30, 2024, the Company's Agency CMOs and mortgage-backed securities totaled \$198.2 million as compared to \$186.1 million at June 30, 2023. The Company's Private-Label CMOs totaled \$220 thousand at June 30, 2024 as compared to \$290 thousand at June 30, 2023. The \$12.1 million net increase in the CMO and mortgage-backed security segment of our portfolio was primarily due to purchases of U.S. Government Agency CMOs totaling \$24.5 million, which were partially offset by repayments on U.S. Government Agency securities totaling \$12.6 million, and \$70 thousand in repayments on the Private-Label CMOs. At June 30, 2024 and 2023, the Company's MBS portfolio, including CMOs, was comprised of \$123.7 million and \$125.6 million amortized cost and \$105.3 million and \$99.2 million market value of adjustable or floating rate investments, respectively. The remaining MBS portfolio, including CMOs were fixed rate securities. The Company has no investment in multi-family or commercial real estate based MBS.

Due to prepayments of the underlying loans, and the prepayment characteristics of the CMO tranches, the actual maturities of the Company's MBS are expected to be substantially less than the scheduled maturities.

The Company retains an independent third party to assist it in the determination of a fair value for three of its Private-Label CMOs. This valuation is meant to be a "Level Three" valuation as defined by ASC Topic 820, *Fair Value Measurements and Disclosures*. The valuation does not represent the actual terms or prices at which any party could purchase the securities. There is currently no active secondary market for Private-Label CMOs and there can be no assurance that any secondary market for Private-Label CMOs will develop. The Private-Label CMO portfolio had three previously recorded other-than-temporary impairments ("OTTI") at June 30, 2024. During the twelve months ended June 30, 2024, the Company had no additional credit impairment charges on its Private-Label CMO portfolio.

The Company believes that the data and assumptions used to determine the fair values are reasonable. The fair value calculations reflect relevant facts and market conditions. Events and conditions occurring after the valuation date could have a material effect on the Private-Label CMO segment's fair value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. MORTGAGE-BACKED SECURITIES (Continued)

The amortized cost, unrealized gains and losses, and fair values of mortgage-backed securities are as follows:

| | <u>Amortized Cost</u> | <u>Gross Unrealized Gains</u> | <u>Gross Unrealized Losses</u> | <u>Fair Value</u> |
|--------------------------------------|---------------------------|---------------------------------------|--|-----------------------|
| <u>2024</u> | | (Dollars in Thousands) | | |
| AVAILABLE FOR SALE | | | | |
| Collateralized mortgage obligations: | | | | |
| Agency | \$ 9,742 | \$ - | \$ (27) | \$ 9,715 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total | \$ 9,742 | \$ - | \$ (27) | \$ 9,715 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

| | <u>Amortized Cost</u> | <u>Gross Unrealized Gains</u> | <u>Gross Unrealized Losses</u> | <u>Fair Value</u> |
|--------------------------------------|---------------------------|---------------------------------------|--|-----------------------|
| <u>2024</u> | | (Dollars in Thousands) | | |
| HELD TO MATURITY | | | | |
| Mortgage-backed securities | \$ 52,869 | \$ - | \$ (1,471) | \$ 51,398 |
| Collateralized mortgage obligations: | | | | |
| Agency | 135,636 | 187 | (24,696) | 111,127 |
| Private-Label | 220 | 182 | - | 402 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total | \$ 188,725 | \$ 369 | \$ (26,167) | \$ 162,927 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

| | <u>Amortized Cost</u> | <u>Gross Unrealized Gains</u> | <u>Gross Unrealized Losses</u> | <u>Fair Value</u> |
|--------------------------------------|---------------------------|---------------------------------------|--|-----------------------|
| <u>2023</u> | | (Dollars in Thousands) | | |
| AVAILABLE FOR SALE | | | | |
| Collateralized mortgage obligations: | | | | |
| Agency | \$ 1,962 | \$ - | \$ (6) | \$ 1,956 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total | \$ 1,962 | \$ - | \$ (6) | \$ 1,956 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. MORTGAGE-BACKED SECURITIES (Continued)

| | <u>Amortized Cost</u> | <u>Gross Unrealized Gains</u> | <u>Gross Unrealized Losses</u> | <u>Fair Value</u> |
|--------------------------------------|---------------------------|---------------------------------------|--|-----------------------|
| <u>2023</u> | (Dollars in Thousands) | | | |
| HELD TO MATURITY | | | | |
| Collateralized mortgage obligations: | | | | |
| Agency | \$ 184,180 | \$ 12 | \$ (21,602) | \$ 162,590 |
| Private-Label | 290 | 178 | - | 468 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total | \$ <u>184,470</u> | \$ <u>190</u> | \$ <u>(21,602)</u> | \$ <u>163,058</u> |

The Company had a \$318,000 allowance for credit losses related to Private-Label collateralized mortgage obligation securities for the fiscal year 2024.

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

| | <u>Due in one year or less</u> | <u>Due after one through five years</u> | <u>Due after five through ten years</u> | <u>Due after ten years</u> | <u>Total</u> |
|---------------------------|--|---|---|--------------------------------|--------------|
| | (Dollars in Thousands) | | | | |
| AVAILABLE FOR SALE | | | | | |
| Amortized cost | \$ 488 | \$ 9,254 | \$ - | \$ - | \$ 9,742 |
| Fair value | 486 | 9,229 | - | - | 9,715 |
| Weighted average yield | 0.13% | 5.58% | - | - | 5.31% |
| HELD TO MATURITY | | | | | |
| Amortized cost | \$ - | \$ - | \$ 330 | \$ 188,395 | \$ 188,725 |
| Fair value | - | - | 5.49% | 162,607 | 162,927 |
| | | | | 4.62% | 4.62% |

At June 30, 2024, mortgage-backed securities with amortized costs of \$87.5 million and \$75.4 million, and fair values of \$80.4 million and \$62.7 million, were pledged to secure borrowings with the FHLB and the FRB, respectively. Of the securities pledged, \$36.6 million of fair value was excess collateral. Excess collateral is maintained to support future borrowings and may be withdrawn by the Company at any time. At June 30, 2023, mortgage-backed securities with amortized costs of \$101.0 million and fair values of \$91.2 million were pledged to secure borrowings with the FHLB and FRB. Of the securities pledged, \$35.9 million of fair value was excess collateral. Excess collateral is maintained to support future borrowings and may be withdrawn by the Company at any time.

In addition, as of June 30, 2024 unpledged mortgage-backed securities with amortized costs of \$35.3 million and fair values of \$29.1 million could be pledged to secure borrowings with either the FHLB or the FRB in accordance with their lending policies.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following tables present the changes in accumulated other comprehensive (loss) income by component for the three years ended June 30, 2024, 2023, and 2022.

| | Unrealized Gains and Losses on Available- for-Sale Securities | Unrealized Gains and Losses on Held-to- Maturity Securities | Total |
|---|---|---|-----------------|
| | (Dollars in Thousands – net of tax) | | |
| Balance – June 30, 2021 | \$ 546 | \$ (44) | \$ 502 |
| Other comprehensive income (loss) before reclassifications | (1,590) | - | (1,590) |
| Amounts reclassified from accumulated other comprehensive income (loss) | (62) | 7 | (55) |
| Net current-period other comprehensive income (loss) | <u>(1,652)</u> | <u>7</u> | <u>(1,645)</u> |
| Balance – June 30, 2022 | (1,106) | (37) | (1,143) |
| Other comprehensive income (loss), before reclassifications | 597 | - | 597 |
| Amounts reclassified from accumulated other comprehensive (loss) income | 3 | 2 | 5 |
| Net current-period other comprehensive income (loss) | <u>600</u> | <u>2</u> | <u>602</u> |
| Balance – June 30, 2023 | (506) | (35) | (541) |
| Other comprehensive income (loss), before reclassifications | 352 | - | 352 |
| Amounts reclassified from accumulated other comprehensive (loss) income | - | 2 | 2 |
| Net current-period other comprehensive income | <u>352</u> | <u>2</u> | <u>354</u> |
| Balance – June 30, 2024 | <u>\$ (154)</u> | <u>\$ (33)</u> | <u>\$ (187)</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) (Continued)

The following table presents the amounts reclassified out of accumulated other comprehensive income (loss).

| Details About Accumulated Other Comprehensive Income (Loss) Components: | Amount Reclassified from Accumulated Other Comprehensive Income (Loss) ² | | | Affected Line Item in the Statement Where Net Income is Presented |
|--|---|--------|-------|---|
| | 2024 | 2023 | 2022 | |
| | (Dollars in Thousands) | | | |
| Unrealized (loss) gains on available-for-sale securities | \$ - | \$ (4) | \$ 79 | Investment securities (loss) gains |
| Accretion of other than temporary impairment losses on held to maturity securities | (3) | (3) | (9) | Net impairment loss recognized in earnings |
| Tax effect | 1 | 2 | (15) | Income tax expense |
| Total reclassifications for the period | \$ (2) | \$ (5) | \$ 55 | |

² Amounts in parenthesis indicate expenses and other amounts indicate income.

8. UNREALIZED LOSSES ON SECURITIES

The following tables show the Company's gross unrealized losses and fair value, aggregated by category and length of time that the individual securities have been in a continuous unrealized loss position, at June 30, 2024 and 2023.

| | June 30, 2024 | | | | | |
|--|-------------------------|-------------------------|--------------------------|-------------------------|------------|-------------------------|
| | Less Than Twelve Months | | Twelve Months or Greater | | Total | |
| | Fair Value | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses |
| | (Dollars in Thousands) | | | | | |
| U.S. government agency securities | \$ - | \$ - | \$ 19,228 | \$ (1,108) | \$ 19,228 | \$ (1,108) |
| Obligations of states and political subdivisions | - | - | 421 | (39) | 421 | (39) |
| Collateralized mortgage obligations | 21,634 | (25) | 99,651 | (24,698) | 121,285 | (24,723) |
| Mortgage-backed securities | 22,099 | (202) | 29,299 | (1,269) | 51,398 | (1,471) |
| Total | \$ 43,733 | \$ (227) | \$ 148,599 | \$ (27,114) | \$ 192,332 | \$ (27,341) |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. UNREALIZED LOSSES ON SECURITIES (Continued)

| | June 30, 2023 | | | | | |
|--|-------------------------|-------------------------|--------------------------|-------------------------|-------------------|-------------------------|
| | Less Than Twelve Months | | Twelve Months or Greater | | Total | |
| | Fair Value | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses |
| | (Dollars in Thousands) | | | | | |
| U.S. government agency securities | \$ 9,117 | \$ (273) | \$ 9,695 | \$ (1,250) | \$ 18,812 | \$ (1,523) |
| Corporate debt securities | 27,608 | (33) | 15,929 | (257) | 43,537 | (290) |
| Foreign debt securities ³ | - | - | 2,125 | (35) | 2,125 | (35) |
| Obligations of states and political subdivisions | 1,010 | (10) | 480 | (54) | 1,490 | (64) |
| Collateralized mortgage obligations | 10,937 | (276) | 97,587 | (20,271) | 108,524 | (20,547) |
| Mortgage-backed securities | 56,490 | (1,104) | - | - | 56,490 | (1,104) |
| Total | \$ <u>105,162</u> | \$ <u>(1,696)</u> | \$ <u>125,816</u> | \$ <u>(21,867)</u> | \$ <u>230,978</u> | \$ <u>(23,563)</u> |

³ U.S. dollar-denominated investment-grade corporate bonds of large foreign corporate issuers.

The CECL standard requires expected credit losses on both held to maturity and available for sale securities to be recognized through a valuation allowance, ACL, instead of as a direct write-down to the amortized cost basis of the security. An available for sale security is considered impaired if the fair value is less than its amortized cost basis. If any portion of the decline in fair value is related to credit, the amount of allowance is determined as the portion related to credit, limited to the difference between the amortized cost basis and fair value of the security. If we have the intent to sell, or believe it is more likely than not we will be required to sell an impaired available for sale security before recovery of the amortized cost basis, the credit loss is recorded as a direct write-down of the amortized cost basis. Credit losses on investment securities are recognized through Provision for credit losses on our Consolidated Income Statement. Declines in the fair value of available for sale securities that are not considered credit related are recognized in Accumulated Other Comprehensive Income on our Consolidated Balance Sheet.

A security may be partially or fully charged-off against the allowance if it is determined to be uncollectible, including for an available for sale security, if we have the intent to sell or believe it is more likely than not we will be required to sell the security before recovery of the amortized cost basis. Recoveries of previously charged-off available for sale securities are recognized when received, while recoveries on held to maturity securities are recognized when expected.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. UNREALIZED LOSSES ON SECURITIES (Continued)

The Company evaluates outstanding available-for-sale and held-to-maturity securities in an unrealized loss position (i.e., impaired securities) for impairment on a quarterly basis. In doing so, the Company considers many factors including, but not limited to: the credit ratings assigned to the securities by the Nationally Recognized Statistical Rating Organizations (“NRSROs”); other indicators of the credit quality of the issuer; the strength of the provider of any guarantees; the length of time and extent that fair value has been less than amortized cost; and whether the Company has the intent to sell the security or more likely than not will be required to sell the security before its anticipated recovery. In the case of its Private-Label residential MBS, the Company also considers prepayment speeds, the historical and projected performance of the underlying loans and the credit support provided by the subordinate securities. These evaluations are inherently subjective and consider a number of quantitative and qualitative factors.

The following table presents a roll-forward of the credit loss component of the amortized cost of mortgage-backed securities that we have written down for expected credit losses and the credit component of the loss that is recognized in earnings. Expected credit losses recognized in earnings for credit impaired mortgage-backed securities is presented as additions in two components based upon whether the current period is the first time the mortgage-backed security was credit-impaired (initial credit impairment) or is not the first time the mortgage-backed security was credit impaired (subsequent credit impairments). The credit loss component is reduced if we sell, intend to sell or believe that we will be required to sell previously credit-impaired mortgage-backed securities. Additionally, the credit loss component is reduced if we receive cash flows in excess of what we expected to receive over the remaining life of the credit impaired mortgage-backed securities, the security matures or is fully written down.

Changes in the credit loss component of credit impaired mortgage-backed securities were as follows for the twelve-month periods ended June 30, 2024 and 2023:

| | Twelve Months Ended June 30, | |
|--|---------------------------------|--------|
| | 2024 | 2023 |
| | (Dollars in Thousands) | |
| Beginning balance | \$ 323 | \$ 322 |
| Initial credit impairment | - | - |
| Subsequent credit impairment | - | - |
| Reductions for amounts recognized in earnings due to intent or requirement to sell | - | - |
| Reductions for securities sold | - | - |
| Reduction for actual realized losses | - | - |
| Reduction for increase in cash flows expected to be collected | (5) | 1 |
| Ending balance | \$ 318 | \$ 323 |

During the twelve months ended June 30, 2024, the Company did not record a subsequent credit impairment charge, and there were no non-credit unrealized holding losses to accumulated other comprehensive loss. The Company was able to accrete back into other comprehensive income \$3 thousand (net of income tax effect of \$1 thousand), based on principal repayments on Private-Label CMOs previously identified with expected credit losses.

In the case of its Private-Label residential CMOs that exhibit adverse risk characteristics, the Company employs models to determine the cash flows that it is likely to collect from the securities. These models consider borrower characteristics and the particular attributes of the loans underlying the securities, in

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. UNREALIZED LOSSES ON SECURITIES (Continued)

conjunction with assumptions about future changes in home prices and interest rates, to predict the likelihood a loan will default and the impact on default frequency, loss severity and remaining credit enhancement. A significant input to these models is the forecast of future housing price changes for the relevant states and metropolitan statistical areas, which are based upon an assessment of the various housing markets. In general, since the ultimate receipt of contractual payments on these securities will depend upon the credit and prepayment performance of the underlying loans and, if needed, the credit enhancements for the senior securities owned by the Company, the Company uses these models to assess whether the credit enhancement associated with each security is sufficient to protect against likely losses of principal and interest on the underlying mortgage loans. The development of the modeling assumptions requires significant judgment.

In conjunction with our adoption of ASC Topic 820 effective June 30, 2009, the Company retained an independent third party to assist it with assessing its investments within the Private-Label CMO portfolio. The independent third party utilized certain assumptions for producing the cash flow analyses used in the expected credit loss assessment. Key assumptions would include interest rates, expected market participant spreads and discount rates, housing prices, projected future delinquency levels and assumed loss rates on any liquidated collateral.

The Company reviewed the independent third party's assumptions used in the June 30, 2024 estimation of credit loss process. Based on the results of this review, the Company deemed the independent third party's assumptions to be reasonable and adopted them. However, different assumptions could produce materially different results, which could impact the Company's conclusions as to whether an impairment is considered other-than-temporary and the magnitude of the credit loss. The Company had three Private-Label CMOs with expected credit losses at June 30, 2024.

If the Company intends to sell an impaired debt security, or more likely than not will be required to sell the security before recovery of its amortized cost basis, the impairment is other-than-temporary and is recognized currently in earnings in an amount equal to the entire difference between fair value and amortized cost. The Company does not anticipate selling its Private-Label CMOs, nor does Management believe that the Company will be required to sell these securities before recovery of this amortized cost basis.

In instances in which the Company determines that a credit loss exists but the Company does not intend to sell the security and it is not more likely than not that the Company will be required to sell the security before the anticipated recovery of its remaining amortized cost basis, the expected credit losses is separated into (1) the amount of the total impairment related to the credit loss and (2) the amount of the total impairment related to all other factors (i.e., the noncredit portion). The amount of the total expected credit losses related to the credit loss is recognized in earnings and the amount of the total expected credit losses related to all other factors is recognized in accumulated other comprehensive loss. The total expected credit losses is presented in the Consolidated Statement of Income with an offset for the amount of the total expected credit losses that is recognized in accumulated other comprehensive loss. Absent the intent or requirement to sell a security, if a credit loss does not exist, any impairment is considered to be temporary.

Regardless of whether any expected credit losses is recognized in its entirety in earnings or if the credit portion is recognized in earnings and the noncredit portion is recognized in other comprehensive income (loss), the estimation of fair values has a significant impact on the amount(s) of any impairment that is recorded.

The noncredit portion of any expected credit losses on securities classified as available-for-sale is adjusted to fair value with an offsetting adjustment to the carrying value of the security. The fair value adjustment could increase or decrease the carrying value of the security. All of the Company's Private-Label CMOs were originally, and continue to be classified, as held to maturity.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. UNREALIZED LOSSES ON SECURITIES (Continued)

In periods subsequent to the recognition of any expected credit losses, the impaired debt security is accounted for as if it had been purchased on the measurement date of the expected credit losses at an amount equal to the previous amortized cost basis less the credit-related expected credit losses recognized in earnings. For debt securities for which credit-related expected credit losses is recognized in earnings, the difference between the new cost basis and the cash flows expected to be collected is accreted into interest income over the remaining life of the security in a prospective manner based on the amount and timing of future estimated cash flows.

The Company had investments in 90 positions that were temporarily impaired at June 30, 2024. Based on its analysis, management has concluded that three Private-Label CMOs were credit impaired, while the remaining securities portfolio has experienced unrealized losses and a decrease in fair value due to interest rate volatility, illiquidity in the marketplace, or credit deterioration in the U.S. mortgage markets.

Unrealized losses on investment securities have not been recognized into income because the issuer(s) bonds are investment grade, management does not intend to sell and it is likely that management will not be required to sell the securities prior to the anticipated recovery, and the decline in fair value is largely due to changes in interest rates and other market conditions. The issuer(s) continues to make timely principal and interest payments on the bonds. The fair value is expected to recover as the bonds approach maturity.

At June 30 2024, except for three Private-Label mortgage-backed securities, 100% of the mortgage-backed securities held by the Company were issued by U.S. government-sponsored entities and agencies. Because the decline in fair value is attributable to changes in interest rates, and not credit quality, and because the Company does not have the intent to sell these mortgage-backed securities and it is likely that it will not be required to sell the securities before their anticipated recovery, the Company does not have an allowance for credit losses for these securities at June 30, 2024.

As of June 30, 2024, except for three Private-Label mortgage-backed securities, no ACL was required for available-for-sale or held-to-maturity securities. The Company does not have the intent to sell and does not believe it will be more likely than not to be required to sell any of these securities prior to a recovery of their fair value to amortized cost, which may be at maturity.

9. NET LOANS RECEIVABLE

The Company's primary business activity is with customers located within its local market area of Northern Allegheny and Southern Butler counties within the state of Pennsylvania. The Company has concentrated its lending efforts by granting residential and construction mortgage loans to customers throughout its immediate trade area. The Company also selectively funds and participates in commercial and residential mortgage loans outside of its immediate trade area, provided such loans meet the Company's credit policy guidelines. At June 30, 2024 and 2023, the Company had approximately \$4.3 million and \$4.8 million, respectively, of outstanding loans for construction and land development in the local trade area. Although the Company had a diversified loan portfolio at June 30, 2024 and 2023, loans outstanding to individuals and businesses are dependent upon the local economic conditions in its immediate trade area.

Certain officers, directors, and their associates were customers of, and had transactions with, the Company in the ordinary course of business. There were no loans to directors, executive officers, or their associates during the fiscal years ended June 30, 2024 and 2023.

For fiscal 2024 with the adoption of ASU 2016-13, there was no change in the loans receivable portfolio segmentation. The loans receivable portfolio was segmented into the following segments: 1-4 family dwellings, construction, land acquisition & development, multi-family dwellings, home equity, home equity lines of credit, other and commercial loans.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. NET LOANS RECEIVABLE (Continued)

The following table summarizes the primary segments of the loan portfolio as of June 30, 2024 and June 30, 2023.

| | June 30, 2024 | | | June 30, 2023 | | |
|-----------------------------------|------------------------|--|--|----------------|--|---|
| | Total Loans | Individually evaluated for impairment | Collectively evaluated for impairment | Total Loans | Individually evaluated for impairment | Collectively evaluated for impairment |
| | (Dollars in Thousands) | | | | | |
| Mortgage loans: | | | | | | |
| 1 – 4 family dwellings | \$ 61,055 | \$ - | \$ 61,055 | \$ 56,483 | \$ - | \$ 56,483 |
| Construction | 4,280 | - | 4,280 | 4,809 | - | 4,809 |
| Land acquisition & development | - | - | - | - | - | - |
| Multi-family dwellings | 2,499 | - | 2,499 | 2,764 | - | 2,764 |
| Commercial | 5,302 | - | 5,302 | 5,512 | - | 5,512 |
| Consumer Loans | | | | | | |
| Home equity | 2,143 | - | 2,143 | 2,274 | - | 2,274 |
| Home equity lines of Credit | 1,263 | - | 1,263 | 1,341 | - | 1,341 |
| Other | 54 | - | 54 | 43 | - | 43 |
| Commercial Loans ⁴ | 220 | - | 220 | 276 | - | 276 |
| | \$ 76,816 | \$ - | \$ 76,816 | \$ 73,502 | \$ - | \$ 73,502 |
| Deferred loan costs | 74 | | | 106 | | |
| Allowance for credit losses | (537) | | | (470) | | |
| Total | \$ 76,353 | | | \$ 73,138 | | |

Loans that are individually evaluated for impairment are loans for which it is probable the Company will not be able to collect all amounts due according to the contractual terms of the loan agreement. The following loan categories are collectively evaluated for impairment. Mortgage loans: 1 – 4 family dwellings and all consumer loan categories (home equity, home equity lines of credit, and other). The following loan categories are individually evaluated for impairment. Mortgage loans: construction, land acquisition and development, multi-family dwellings, and commercial. The Company evaluates commercial loans not secured by real property individually for impairment. At June 30, 2024, there were no loans individually evaluated for impairment. At June 30, 2023, there were no loans considered to be impaired.

⁴ Not secured by real estate.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. NET LOANS RECEIVABLE (Continued)

The Company's loan portfolio may include loans that were modified or restructured, where economic concessions have been granted to borrowers who have experienced or are expected to experience financial difficulties. These concessions typically result from the Company's loss mitigation activities and could include reductions in the interest rate, payment extensions, forgiveness of principal, forbearance or other actions. Certain loan modifications are classified as nonperforming at the time of restructure and may only be returned to performing status after considering the borrower's sustained repayment performance for a reasonable period, generally six months.

During fiscal 2024 and 2023, there were no loans modified or restructured. At June 30, 2024 and 2023, there were no loans previously modified or restructured.

When the Company modifies a loan, management evaluates any possible impairment based on the present value of expected future cash flows, discounted at the contractual interest rate of the original loan agreement, except when the sole (remaining) source of repayment for the loan is the operation or liquidation of the collateral. In these cases, management uses the current fair value of the collateral, less selling costs, instead of discounted cash flows. If management determines that the value of the modified loan is less than the recorded investment in the loan (net of previous charge-offs, deferred loan fees or costs and unamortized premium or discount), impairment is recognized by segment or class of loan, as applicable, through an allowance estimate or a charge-off to the allowance. Segment and class status is determined by the loan's classification at origination.

The allowance for credit losses is established through provisions for credit losses charged against income. Loans deemed to be uncollectible are charged against the allowance account. Subsequent recoveries, if any, are credited to the allowance. The allowance is maintained at a level believed adequate by management to absorb estimated potential credit losses. Management's determination of the adequacy of the allowance is based on periodic evaluations of the loan portfolio considering past experience, current economic conditions, composition of the loan portfolio and other relevant factors. This evaluation is inherently subjective, as it requires material estimates that may be susceptible to significant change.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. NET LOANS RECEIVABLE (Continued)

Federal regulations require that each insured savings institution classify its assets on a regular basis. In addition, in connection with examinations of insured institutions, federal examiners have authority to identify problem assets and, if appropriate, classify them. There are three classifications for problem assets: "substandard", "doubtful" and "loss". Substandard assets have one or more defined weaknesses and are characterized by the distinct possibility that the insured institution will sustain some loss if the deficiencies are not corrected. Doubtful assets have the weaknesses of those classified as substandard with the added characteristic that the weaknesses make collection or liquidation in full on the basis of currently existing facts, conditions and values questionable, and there is a high possibility of loss. An asset classified as loss is considered uncollectible and of such little value that continuance as an asset of the institution is not warranted. Another category designated "asset watch" is also utilized by the Bank for assets which do not currently expose an insured institution to a sufficient degree of risk to warrant classification as substandard, doubtful or loss. Assets classified as substandard or doubtful require the institution to establish general allowances for credit losses. If an asset or portion thereof is classified as loss, the insured institution must either establish specific allowances for credit losses in the amount of 100% of the portion of the asset classified loss, or charge-off such amount. General loss allowances established to cover possible losses related to assets classified substandard or doubtful may be included in determining an institution's regulatory capital, while specific valuation allowances for credit losses do not qualify as regulatory capital.

The Company's general policy is to internally classify its assets on a regular basis and establish prudent general valuation allowances that are adequate to absorb losses that have not been identified but that are inherent in the loan portfolio. The Company maintains general valuation allowances that it believes are adequate to absorb losses in its loan portfolio that are not clearly attributable to specific loans. The Company's general valuation allowances are within the following general ranges: (1) 0% to 5% of assets subject to special mention; (2) 5.00% to 100% of assets classified substandard; and (3) 50% to 100% of assets classified doubtful. Any loan classified as loss is charged-off. To further monitor and assess the risk characteristics of the loan portfolio, loan delinquencies are reviewed to consider any developing problem loans. Based upon the procedures in place, considering the Company's past charge-offs and recoveries and assessing the current risk elements in the portfolio, management believes the allowance for credit losses at June 30, 2024 is adequate.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. NET LOANS RECEIVABLE (Continued)

The following tables present the classes of the loan portfolio summarized by the aging categories of performing loans and nonaccrual loans as of June 30, 2024 and 2023:

| | Current | 30 – 59 Days Past Due | 60 – 89 Days Past Due | 90 Days + Past Due Accruing | 90 Days + Past Due Non-accrual | Total Past Due | Total Loans |
|-----------------------------------|------------------|-----------------------------|-----------------------------|-----------------------------------|--------------------------------------|----------------------|------------------|
| (Dollars in Thousands) | | | | | | | |
| June 30, 2024 | | | | | | | |
| Mortgage loans: | | | | | | | |
| 1 – 4 family dwellings | \$ 61,055 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 61,055 |
| Construction | 4,280 | - | - | - | - | - | 4,280 |
| Land acquisition & development | - | - | - | - | - | - | - |
| Multi-family dwellings | 2,499 | - | - | - | - | - | 2,499 |
| Commercial | 5,302 | - | - | - | - | - | 5,302 |
| Consumer Loans | | | | | | | |
| Home equity | 2,143 | - | - | - | - | - | 2,143 |
| Home equity lines of credit | 1,263 | - | - | - | - | - | 1,263 |
| Other | 54 | - | - | - | - | - | 54 |
| Commercial Loans ⁴ | 220 | - | - | - | - | - | 220 |
| | <u>\$ 76,816</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>76,816</u> |
| Deferred loan costs | | | | | | | 74 |
| Allowance for credit losses | | | | | | | (537) |
| Net Loans Receivable | | | | | | | <u>\$ 76,353</u> |

⁴ Not secured by real estate.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. NET LOANS RECEIVABLE (Continued)

| | Current | 30 – 59 Days Past Due | 60 – 89 Days Past Due | 90 Days + Past Due Accruing | 90 Days + Past Due Non-accrual | Total Past Due | Total Loans |
|-----------------------------------|------------------|-----------------------------|-----------------------------|-----------------------------------|--------------------------------------|----------------------|------------------|
| (Dollars in Thousands) | | | | | | | |
| June 30, 2023 | | | | | | | |
| Mortgage loans: | | | | | | | |
| 1 – 4 family dwellings | \$ 56,483 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 56,483 |
| Construction | 4,809 | - | - | - | - | - | 4,809 |
| Land acquisition & development | - | - | - | - | - | - | - |
| Multi-family dwellings | 2,764 | - | - | - | - | - | 2,764 |
| Commercial | 5,512 | - | - | - | - | - | 5,512 |
| Consumer Loans | | | | | | | |
| Home equity | 2,274 | - | - | - | - | - | 2,274 |
| Home equity lines of credit | 1,341 | - | - | - | - | - | 1,341 |
| Other | 43 | - | - | - | - | - | 43 |
| Commercial Loans ⁴ | 276 | - | - | - | - | - | 276 |
| | <u>\$ 73,502</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>73,502</u> |
| Deferred loan costs | | | | | | | 106 |
| Allowance for loan losses | | | | | | | (470) |
| Net Loans Receivable | | | | | | | <u>\$ 73,138</u> |

⁴ Not secured by real estate.

Credit Quality Information

The following tables represent credit exposure by internally assigned grades for the fiscal years ended June 30, 2024 and 2023. The grading system analysis estimates the capability of the borrower to repay the contractual obligations of the loan agreements as scheduled or not at all. The Company's internal credit risk grading system is based on experiences with similarly graded loans.

The Company's internally assigned grades are as follows:

Pass – loans which are protected by the current net worth and paying capacity of the obligor or by the value of the underlying collateral.

Special Mention – loans where a potential weakness or risk exists, which could cause a more serious problem if not corrected.

Substandard – loans that have a well-defined weakness based on objective evidence and can be characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected.

Doubtful – loans classified as doubtful have all the weaknesses inherent in a substandard loan. In addition, these weaknesses make collection or liquidation in full highly questionable and improbable, based on existing circumstances.

Loss – loans classified as loss are considered uncollectible, or of such value that continuance as a loan is not warranted.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. NET LOANS RECEIVABLE (Continued)

Credit Quality Information (Continued)

The primary credit quality indicator used by management in the 1 – 4 family and consumer loan portfolios is the performance status of the loans. Payment activity is reviewed by Management on a monthly basis to determine how loans are performing. Loans are considered to be non-performing when they become 90 days delinquent, have a history of delinquency, or have other inherent characteristics which Management deems to be weaknesses. All performing loans are considered rated as pass.

The following table presents the classes of the loan portfolio summarized by the aggregate pass rating and the classified ratings of special mention, substandard and doubtful within the Company's internal risk rating system as of June 30, 2024 by year of origination:

Term Loans by Origination Year

| | 2024 | 2023 | 2022 | Prior | Revolving | Total |
|---|------------------------|-----------------|------------------|------------------|-----------------|------------------|
| June 30, 2024 | (Dollars in Thousands) | | | | | |
| Mortgage Loans: | | | | | | |
| 1-4 Family Dwellings | | | | | | |
| Pass | \$ 7,705 | \$ 1,679 | \$ 9,228 | \$ 42,443 | \$ - | \$ 61,055 |
| Special Mention | - | - | - | - | - | - |
| Substandard | - | - | - | - | - | - |
| Total 1-4 Family Dwellings | 7,705 | 1,679 | 9,228 | 42,443 | - | 61,055 |
| Construction | | | | | | |
| Pass | 947 | 3,333 | - | - | - | 4,280 |
| Special Mention | - | - | - | - | - | - |
| Substandard | - | - | - | - | - | - |
| Total Construction | 947 | 3,333 | - | - | - | 4,280 |
| Multi-family Dwellings | | | | | | |
| Pass | - | - | 283 | 2,216 | - | 2,499 |
| Special Mention | - | - | - | - | - | - |
| Substandard | - | - | - | - | - | - |
| Total Multi-family Dwellings | - | - | 283 | 2,216 | - | 2,499 |
| Commercial | | | | | | |
| Pass | 294 | 72 | 2,530 | 2,406 | - | 5,302 |
| Special Mention | - | - | - | - | - | - |
| Substandard | - | - | - | - | - | - |
| Total Commercial | 294 | 72 | 2,530 | 2,406 | - | 5,302 |
| Consumer Loans: | | | | | | |
| Home Equity | | | | | | |
| Pass | 221 | 188 | 970 | 764 | - | 2,143 |
| Special Mention | - | - | - | - | - | - |
| Substandard | - | - | - | - | - | - |
| Total Home Equity | 221 | 188 | 970 | 764 | - | 2,143 |
| Home Equity Lines of Credit | | | | | | |
| Pass | - | - | - | - | 1,263 | 1,263 |
| Special Mention | - | - | - | - | - | - |
| Substandard | - | - | - | - | - | - |
| Total Home Equity Lines of Credit | - | - | - | - | 1,263 | 1,263 |
| Other | | | | | | |
| Pass | - | - | - | 54 | - | 54 |
| Special Mention | - | - | - | - | - | - |
| Substandard | - | - | - | - | - | - |
| Total Other | - | - | - | 54 | - | 54 |
| Commercial Loans: | | | | | | |
| Pass | - | - | - | 220 | - | 220 |
| Special Mention | - | - | - | - | - | - |
| Substandard | - | - | - | - | - | - |
| Total Commercial Loans⁴ | - | - | - | 220 | - | 220 |
| Total Loans: | | | | | | |
| Pass | 9,167 | 5,272 | 13,011 | 48,103 | 1,263 | 76,816 |
| Special Mention | - | - | - | - | - | - |
| Substandard | - | - | - | - | - | - |
| Total Loans | \$ 9,167 | \$ 5,272 | \$ 13,011 | \$ 48,103 | \$ 1,263 | \$ 76,816 |

⁴ Not secured by real estate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. NET LOANS RECEIVABLE (Continued)

The following table presents the Company's internally classified construction, land acquisition and development, multi-family residential, commercial real estate and commercial (not secured by real estate) loans at June 30, 2023.

| | June 30, 2023 | | | | |
|-----------------|------------------------|--|-----------------------------|------------------------------|-------------------------|
| | Construction | Land Acquisition & Development Loans | Multi-family Residential | Commercial Real Estate | Commercial ⁴ |
| | (Dollars in Thousands) | | | | |
| Pass | \$ 4,809 | \$ - | \$ 2,764 | \$ 5,512 | \$ 276 |
| Special Mention | - | - | - | - | - |
| Substandard | - | - | - | - | - |
| Doubtful | - | - | - | - | - |
| Ending Balance | <u>\$ 4,809</u> | <u>\$ -</u> | <u>\$ 2,764</u> | <u>\$ 5,512</u> | <u>\$ 276</u> |

⁴ Not secured by real estate.

The following table presents performing and non-performing 1 – 4 family residential and consumer loans based on payment activity for the periods ended June 30, 2023.

| | June 30, 2023 | |
|----------------|------------------------|-----------------|
| | 1 – 4 Family | Consumer |
| | (Dollars in Thousands) | |
| Performing | \$ 56,483 | \$ 3,658 |
| Non-performing | - | - |
| Total | <u>\$ 56,483</u> | <u>\$ 3,658</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. ALLOWANCE FOR CREDIT LOSSES

The Company determines its allowance for credit losses in accordance with generally accepted accounting principles. The Company uses a systematic methodology as required by Financial Reporting Release No. 28 and the various Federal Financial Institutions Examination Council guidelines.

The Company selected the Federal Reserve Bank SCALE Model method to calculate the ACL. Designed for smaller, less complex institutions, the SCALE Model method is described by regulators as one of many acceptable methods for applying CECL, but may not be used by banks over \$1 billion in assets. The SCALE model attempts to simplify the process of evaluating the allowance under CECL by allowing banks to leverage peer data from publicly available regulatory reports instead of calculating a lifetime loss rate based on individual bank experience. The average loss percentages (calculated by taking the allowance balance divided by amortized cost) of a selected peer group are used as the lifetime loss rate. These loss rates are then adjusted to reflect the Company's insight on the portfolio performance.

While there is great effort put into forecasting current expected credit losses in the loan portfolio based on historical losses, the Company also acknowledges that the environment in which it lends changes from time to time. In an effort to capture the effect of those environmental changes, selected qualitative factors are reviewed and assigned a qualitative adjustment score with a respective qualitative adjustment commensurate with the increase or decrease in risk, the qualitative factors are reviewed as they apply to each segmented pool of loans. The aggregate basis point effect is added to the current expected credit loss number calculated for each segmented pool to arrive at an adjusted loss factor that is then multiplied by the dollar values potentially at risk. Those qualitative factors are changes in loan-to-value ratios, changes in credit score ratings and changes in weighted average remaining maturities.

Our methodology used to determine the allocated portion of the allowance is as follows. For groups of homogenous loans, we apply a loss rate to the groups' aggregate balance. Our group loss rate reflects our historical loss experience. We may adjust these group rates to compensate for changes in environmental factors; but our adjustments have not been frequent due to a relatively stable charge-off experience. The Company also monitors industry loss experience on similar loan portfolio segments. We then identify loans for individual evaluation under ASC Topic 310. If the individually identified loans are performing, we apply a segment specific loss rate adjusted for relevant environmental factors, if necessary, for those loans reviewed individually and considered individually impaired, we use one of the three methods for measuring impairment mandated by ASC Topic 310. Generally, the fair value of collateral is used since our impaired loans are generally real estate based. In connection with the fair value of collateral measurement, the Company generally uses an independent appraisal and determines costs to sell. The Company's appraisals for

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. ALLOWANCE FOR CREDIT LOSSES (Continued)

commercial income based loans, such as multi-family and commercial real estate loans, assess value based upon the operating cash flows of the business as opposed to merely “as built” values. The Company then validates the reasonableness of our calculated allowances by: (1) reviewing trends in loan volume, delinquencies, restructurings and concentrations; (2) reviewing prior period (historical) charge-offs and recoveries; and (3) presenting the results of this process, quarterly, to the Asset Classification Committee and the Savings Bank’s Board of Directors. We then tabulate, format and summarize the current loan loss allowance balance for financial and regulatory reporting purposes.

Prior to the adoption of ASU 2016-13, the Company had no unallocated loss allowance balance at June 30, 2023.

The allowance for credit losses represents the amount which management estimates is adequate to provide for probable losses inherent in its loan portfolio. The allowance method is used in providing for credit losses. Accordingly, all loan losses are charged to the allowance, and all recoveries are credited to it. The allowance for credit losses is established through a provision for credit losses charged to operations. The provision for credit losses is based on management’s periodic evaluation of individual loans, economic factors, past loan loss experience, changes in the composition and volume of the portfolio, and other relevant factors. The estimates used in determining the adequacy of the allowance for credit losses, including the amounts and timing of future cash flows expected on impaired loans, are particularly susceptible to changes in the near term.

The following is a summary of the changes in the allowance for credit losses for fiscal years:

| | 2024 | 2023 | 2022 |
|--------------------------------------|------------------------|--------|--------|
| | (Dollars in Thousands) | | |
| Balance, July 1 | \$ 470 | \$ 496 | \$ 565 |
| Add: | | | |
| CECL adoption adjustment | 4 | - | - |
| Provision (credit) for credit losses | 63 | (26) | (69) |
| Less: | | | |
| Loans charged off | - | - | - |
| Balance, June 30 | \$ 537 | \$ 470 | \$ 496 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. ALLOWANCE FOR CREDIT LOSSES (Continued)

The following tables summarize the primary segments of the allowance for credit losses (“ACL”), segregated into the amount required for loans individually evaluated for impairment and the amount required for loans collectively evaluated for impairment as of June 30, 2024, June 30, 2023 and June 30, 2022. Activity in the allowance is presented for the fiscal years ended June 30, 2024, 2023 and 2022.

| | | As of June 30, 2024 | | | | | | | |
|--|----|------------------------|---------------|--------------------------------|--------------|--------------|----------------|-------------------------------|---------------|
| | | Mortgage Loans | | | | | Consumer Loans | Commercial Loans ⁴ | Total |
| | | 1 – 4 Family | Construction | Land Acquisition & Development | Multi-family | Commercial | | | |
| | | (Dollars in Thousands) | | | | | | | |
| Beginning ALLL Balance at June 30, 2023 | \$ | 281 | \$ 67 | \$ - | \$ 15 | \$ 57 | \$ 36 | \$ 14 | \$ 470 |
| CECL Adoption Adjustment | | 18 | 29 | | (1) | (17) | (14) | (11) | 4 |
| Beginning ACL Balance at July 1, 2023 | | 299 | 96 | | 14 | 40 | 22 | 3 | 474 |
| Charge-offs | | - | - | - | - | - | - | - | - |
| Recoveries | | - | - | - | - | - | - | - | - |
| Provisions | | 27 | 42 | - | (1) | - | (5) | - | 63 |
| Ending ACL Balance at June 30, 2024 | \$ | <u>326</u> | <u>\$ 138</u> | <u>\$ -</u> | <u>\$ 13</u> | <u>\$ 40</u> | <u>\$ 17</u> | <u>\$ 3</u> | <u>\$ 537</u> |
| Individually evaluated for impairment | \$ | - | - | - | - | - | - | - | - |
| Collectively evaluated for impairment | \$ | <u>326</u> | <u>138</u> | <u>-</u> | <u>13</u> | <u>40</u> | <u>17</u> | <u>3</u> | <u>537</u> |
| | \$ | <u>326</u> | <u>\$ 138</u> | <u>\$ -</u> | <u>\$ 13</u> | <u>\$ 40</u> | <u>\$ 17</u> | <u>\$ 3</u> | <u>\$ 537</u> |

| | | As of June 30, 2023 | | | | | | | |
|--|----|------------------------|--------------|--------------------------------|--------------|--------------|----------------|-------------------------------|---------------|
| | | Mortgage Loans | | | | | Consumer Loans | Commercial Loans ⁵ | Total |
| | | 1 – 4 Family | Construction | Land Acquisition & Development | Multi-family | Commercial | | | |
| | | (Dollars in Thousands) | | | | | | | |
| Beginning ALLL Balance at June 30, 2022 | \$ | 311 | \$ 60 | \$ 9 | \$ 16 | \$ 61 | \$ 37 | \$ 2 | \$ 496 |
| Charge-offs | | - | - | - | - | - | - | - | - |
| Recoveries | | - | - | - | - | - | - | - | - |
| Provisions | | (30) | 7 | (9) | (1) | (4) | (1) | 12 | (26) |
| Ending ALLL Balance at June 30, 2023 | \$ | <u>281</u> | <u>\$ 67</u> | <u>\$ -</u> | <u>\$ 15</u> | <u>\$ 57</u> | <u>\$ 36</u> | <u>\$ 14</u> | <u>\$ 470</u> |
| Individually evaluated for impairment | \$ | - | - | - | - | - | - | - | - |
| Collectively evaluated for impairment | \$ | <u>281</u> | <u>67</u> | <u>-</u> | <u>15</u> | <u>57</u> | <u>36</u> | <u>14</u> | <u>470</u> |
| | \$ | <u>281</u> | <u>\$ 67</u> | <u>\$ -</u> | <u>\$ 15</u> | <u>\$ 57</u> | <u>\$ 36</u> | <u>\$ 14</u> | <u>\$ 470</u> |

⁴ Not secured by real estate.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. ALLOWANCE FOR CREDIT LOSSES (Continued)

| | As of June 30, 2022 | | | | | | | |
|--|------------------------|--------------|--------------------------------------|------------------|--------------|-------------------|----------------------------------|---------------|
| | Mortgage Loans | | | | | | | |
| | 1 – 4 Family | Construction | Land Acquisition & Development | Multi- family | Commercial | Consumer Loans | Commercial Loans ⁴ | Total |
| | (Dollars in Thousands) | | | | | | | |
| Beginning ALLL Balance at June 30, 2021 | \$ 389 | \$ 50 | \$ 11 | \$ 24 | \$ 59 | \$ 32 | \$ - | \$ 565 |
| Charge-offs | - | - | - | - | - | - | - | - |
| Recoveries | - | - | - | - | - | - | - | - |
| Provisions | (78) | 10 | (2) | (8) | 2 | 5 | 2 | (69) |
| Ending ALLL Balance at June 30, 2022 | <u>\$ 311</u> | <u>\$ 60</u> | <u>\$ 9</u> | <u>\$ 16</u> | <u>\$ 61</u> | <u>\$ 37</u> | <u>\$ 2</u> | <u>\$ 496</u> |
| Individually evaluated for impairment | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Collectively evaluated for impairment | <u>311</u> | <u>60</u> | <u>9</u> | <u>16</u> | <u>61</u> | <u>37</u> | <u>2</u> | <u>496</u> |
| | <u>\$ 311</u> | <u>\$ 60</u> | <u>\$ 9</u> | <u>\$ 16</u> | <u>\$ 61</u> | <u>\$ 37</u> | <u>\$ 2</u> | <u>\$ 496</u> |

During the fiscal year ended June 30, 2024, the significant changes to the ACL were a \$27 thousand increase associated with the 1-4 family loan segment and a \$42 thousand increase associated with construction loans including the undisbursed portion of such loans in process of work being completed. The primary reason for the changes in the ALLL balance during fiscal 2024 is an increase in the Company's net loan portfolio.

During the fiscal year ended June 30, 2023, the significant changes to the ALLL were a \$29 thousand decrease associated with the 1-4 family loan segment and a \$7 thousand increase associated with construction loans. The primary reason for the changes in the ALLL balance during fiscal 2023 is a decrease in the Company's net loan portfolio.

During the fiscal year ended June 30, 2022, the significant changes to the ALLL were a \$79 thousand decrease associated with the 1-4 family loan segment and a \$10 thousand increase associated with construction loans. The primary reason for the changes in the ALLL balance during fiscal 2022 is a decrease in the Company's net loan portfolio.

The Company's ACL reserve factors at June 30, 2024 and its ALLL reserve factors at June 30, 2023 were as follows:

| Loan Segment | 06/30/2024 Factor | 06/30/2023 Factor |
|---------------------------|-------------------|-------------------|
| 1-4 Family Permanent | 0.500% | 0.500% |
| 1-4 Family – Construction | 0.750% | 0.750% |
| Land Acquisition & Dev | 1.000% | 1.000% |
| Multi-family | 0.550% | 0.550% |
| Commercial Real Estate | 1.000% | 1.000% |
| Consumer | 1.000% | 1.000% |
| Commercial ⁴ | 5.000% | 5.000% |

⁴ Not secured by real estate.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. FEDERAL HOME LOAN BANK STOCK

We are a member of the FHLB. The FHLB requires members to purchase and hold a specified minimum level of FHLB stock based upon their level of borrowings, collateral balances and participation in other programs offered by the FHLB. Stock in the FHLB is non-marketable and is redeemable at the discretion of the FHLB. Both cash and stock dividends on FHLB stock are reported as income. FHLB stock can only be purchased, redeemed and transferred at par value.

At June 30, 2024 and 2023, our FHLB stock totaled \$5.1 million and \$4.9 million, respectively, as shown on the consolidated balance sheets. We account for the stock in accordance with ASC 325, which requires the investment to be carried at cost and evaluated for impairment based on the ultimate recoverability of the par value. Due to the continued improvement of the FHLB's financial performance and stability over the past several years, combined with regular quarterly dividends in 2024 and 2023, we believe our holdings in FHLB stock are ultimately recoverable at par value and, therefore, determined that the stock was not other-than-temporarily impaired.

12. PREMISES AND EQUIPMENT

Major classifications of premises and equipment are summarized as follows:

| | 2024 | 2023 |
|------------------------------------|------------------------|---------------|
| | (Dollars in Thousands) | |
| Land and improvements | \$ 231 | \$ 231 |
| Buildings and improvements | 2,174 | 2,174 |
| Furniture, fixtures, and equipment | 641 | 631 |
| | <u>3,046</u> | <u>3,036</u> |
| Less accumulated depreciation | 2,511 | 2,448 |
| Total | <u>\$ 535</u> | <u>\$ 589</u> |

Depreciation charged to operations was \$70 thousand, \$67 thousand, and \$88 thousand for the years ended June 30, 2024, 2023, and 2022, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. DEPOSITS

Deposit accounts are summarized as follows:

| | 2024 | | 2023 | |
|--|------------------------|----------------------|-------------------|----------------------|
| | Amount | Percent of Portfolio | Amount | Percent of Portfolio |
| | (Dollars in Thousands) | | | |
| Non-interest earning checking | \$ 24,040 | 19.3% | \$ 24,667 | 17.9% |
| Interest-earning checking | 22,864 | 18.3 | 25,060 | 18.2 |
| Savings accounts | 38,515 | 30.9 | 44,011 | 32.0 |
| Money market accounts | 16,845 | 13.5 | 21,398 | 15.5 |
| Savings certificates | 20,650 | 16.5 | 20,847 | 15.1 |
| Advance payments by borrowers for taxes and insurance | 1,859 | 1.5 | 1,724 | 1.3 |
| Total | \$ 124,773 | 100.0% | \$ 137,707 | 100.0% |

The maturities of savings certificates at June 30, 2024, are summarized as follows:

| | (Dollars in Thousands) |
|--|------------------------|
| Within one year | \$ 18,727 |
| Beyond one year but within two years | 1,247 |
| Beyond two years but within three years | 462 |
| Beyond three years but within four years | 68 |
| Beyond four years but within five years | 111 |
| Beyond five years | 35 |
| Total | \$ 20,650 |

There was \$500 thousand and \$1.0 million in savings certificates with a balance of \$250 thousand or more on June 30, 2024 and June 30, 2023, respectively. At June 30, 2024 and 2023, the Company had no brokered CDs.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. FEDERAL HOME LOAN BANK (FHLB) ADVANCES

The Company utilized revolving and short-term FHLB advances. Short-term FHLB advances generally mature within 90 days, while revolving FHLB advances may be repaid by the Company without penalty. The following table presents information regarding such advances as of June 30, 2024 and June 30, 2023:

| | June 30, 2024 | June 30, 2023 |
|---|------------------|------------------|
| (Dollars in Thousands) | | |
| FHLB revolving and short-term advances: | | |
| Ending balance | \$ 120,983 | \$ 117,664 |
| Average balance | 98,074 | 140,606 |
| Maximum month-end balance | 122,143 | 186,365 |
| Average interest rate | 5.67% | 4.59% |
| Weighted-average rate at period end | 5.63% | 5.35% |

At June 30, 2024, the Company had remaining borrowing capacity with the FHLB of approximately \$34.7 million.

The FHLB advances are secured by the Company's FHLB stock, loans, mortgage-backed and investment securities. FHLB advances are subject to substantial prepayment penalties.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. OTHER SHORT-TERM BORROWINGS

The Company also utilized other short-term borrowings comprised of FRB Term Funding Program borrowings. FRB Term Funding Program borrowings mature within one year and may be repaid prior to maturity without penalty, in whole or in part, plus accrued interest. The following table presents information regarding the FRB borrowings as of June 30, 2024 and June 30, 2023:

FRB Term Funding Program Borrowings:

| | June 30, 2024 | June 30, 2023 |
|-------------------------------------|------------------------|------------------|
| | (Dollars in Thousands) | |
| Ending balance | \$ 70,808 | \$ 65,840 |
| Average balance | 89,272 | 15,945 |
| Maximum month-end balance | 136,648 | 65,840 |
| Average interest rate | 4.62% | 4.48% |
| Weighted-average rate at period end | 4.76% | 4.51% |

At June 30, 2024 the Company had an estimated borrowing capacity with the FRB of approximately \$12.6 million based on securities pledged.

At June 30 2024 and June 30, 2023, the Company had no FRB Discount Window Borrowings.

16. COMMITMENTS AND CONTINGENT LIABILITIES

Loan Commitments

In the normal course of business, there are various commitments that are not reflected in the Company's financial statements. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the Consolidated Balance Sheet. The Company's exposure to credit loss in the event of nonperformance by the other parties to the financial instruments is represented by the contractual amounts as disclosed. Losses, if any, are charged to the allowance for losses on off-balance sheet items. Management minimizes its exposure to credit loss under these commitments by subjecting them to credit approval, review procedures, and collateral requirements, as deemed necessary. Various loan commitments totaling \$15.7 million and \$10.1 million at June 30, 2024 and 2023, respectively, represent financial instruments with on and off-balance sheet risk. The commitments outstanding at June 30, 2024 contractually mature in less than one year.

Loan commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the Consolidated Balance Sheet. The same credit policies are used in making commitments and conditional obligations as for on-balance sheet instruments. Generally, collateral, usually in the form of real estate, is required to support financial instruments with credit risk.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the loan agreement. These commitments are composed primarily of the undisbursed portion of construction and land development loans (Note 9), residential, commercial real estate, and consumer loan originations.

The exposure to loss under these commitments is limited by subjecting them to credit approval and monitoring procedures. Substantially all commitments to extend credit are contingent upon customers maintaining specific credit standards at the time of the loan funding. Management assesses the credit risk associated with certain commitments to extend credit in determining the level of the allowance for credit losses.

Litigation

The Company is involved with various legal actions arising in the ordinary course of business. Management believes the outcome of these matters will have no material effect on the consolidated operations or financial condition of WVS.

17. REGULATORY CAPITAL

Federal regulations require the Savings Bank to maintain minimum amounts of capital. Specifically, the Savings Bank is required to maintain certain minimum dollar amounts and ratios of Total and Tier 1 Capital to Risk-Weighted Assets and of Tier 1 Capital to Average Total Assets.

In addition to the capital requirements, the Federal Deposit Insurance Corporation Improvement Act ("FDICIA") established five capital categories ranging from well capitalized to critically undercapitalized. Should any institution fail to meet the requirements to be considered adequately capitalized, it would become subject to a series of increasingly restrictive regulatory actions.

In July of 2013 the respective U.S. federal banking agencies issued final rules implementing Basel III and the Dodd-Frank Act capital requirements were fully-phased in on a global basis as of January 1, 2019. The new regulations establish a new tangible common equity capital requirement, increase the minimum requirement for the current Tier 1 risk-weighted asset ("RWA") ratio, phase out certain kinds of intangibles treated as capital and certain types of instruments and change the risk weightings of certain assets used to determine required capital ratios. Provisions of the Dodd-Frank Act generally require these capital rules to apply to bank holding companies and their subsidiaries. The new common equity Tier 1 capital component requires capital of the highest quality – predominantly composed of retained earnings and common stock instruments. For community banks, such as West View Savings Bank, a common equity Tier 1 capital ratio of 4.5% became effective on January 1, 2015. The new capital rules also increased the current minimum Tier 1 capital ratio from 4.0% to 6.0% beginning on January 1, 2015. In addition, in order to make capital distributions and pay discretionary bonuses to executive officers without restriction, an institution must also maintain greater than 2.5% in common equity attributable to a capital conservation buffer which was phased in from January 1, 2016 to January 1, 2019. The new rules also increase the risk weights for several categories of assets, including an increase from 100% to 150% for certain acquisition, development and construction loans and more than 90-day past due exposures. The new capital rules maintain the general structure of the prompt corrective action rules, but incorporate the new common equity Tier 1 capital requirement and the increased Tier 1 RWA requirement into the prompt corrective action framework.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. REGULATORY CAPITAL (Continued)

Bank holding companies are generally subject to statutory capital requirements, which were implemented by certain of the new capital regulations described above that became effective on January 1, 2015. However, the Small Banking Holding Company Policy Statement exempts certain small bank holding companies from those requirements provided that they meet certain conditions. Accordingly, the Company is exempt from statutory capital requirements.

As of June 30, 2024 and 2023, the FDIC categorized the Savings Bank as well capitalized under the regulatory framework for prompt corrective action. To be classified as a well capitalized financial institution, Common Equity Tier 1 Capital, Tier 1 Risk-Based, Total Risk-Based, and Tier 1 Leverage Capital Ratios must be at least 6.5 percent, 8 percent, 10 percent, and 5 percent, respectively.

The Company's and Savings Bank's actual capital ratios for fiscal 2024 are presented in the following table, which show that the Company and Savings Bank met all regulatory capital requirements.

| | June 30, 2024 | | | |
|---|------------------------|--------|------------------------|--------|
| | WVS | | West View Savings Bank | |
| | Amount | Ratio | Amount | Ratio |
| | (Dollars in Thousands) | | | |
| <u>Common Equity Tier 1 Capital (to Risk-Weighted Assets)</u> | | | | |
| Actual | \$ 37,942 | 33.04% | \$ 33,580 | 29.40% |
| To Be Well Capitalized | 7,464 | 6.50 | 7,425 | 6.50 |
| For Capital Adequacy Purposes | 5,167 | 4.50 | 5,140 | 4.50 |
| <u>Tier 1 Capital (to Risk-Weighted Assets)</u> | | | | |
| Actual | \$ 37,942 | 33.04% | \$ 33,580 | 29.40% |
| To Be Well Capitalized | 9,186 | 8.00 | 9,138 | 8.00 |
| For Capital Adequacy Purposes | 6,890 | 6.00 | 6,854 | 6.00 |
| <u>Total Capital (to Risk-Weighted Assets)</u> | | | | |
| Actual | \$ 38,479 | 33.51% | \$ 34,154 | 29.90% |
| To Be Well Capitalized | 11,483 | 10.00 | 11,423 | 10.00 |
| For Capital Adequacy Purposes | 9,186 | 8.00 | 9,138 | 8.00 |
| <u>Tier 1 Capital (to Average Total Assets)</u> | | | | |
| Actual | \$ 37,942 | 10.43% | \$ 33,580 | 9.28% |
| To Be Well Capitalized | 18,188 | 5.00 | 18,087 | 5.00 |
| For Capital Adequacy Purposes | 14,551 | 4.00 | 14,470 | 4.00 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. REGULATORY CAPITAL (Continued)

The Company's and Savings Bank's actual capital ratios for fiscal 2023 are presented in the following table, which show that the Company and Savings Bank met all regulatory capital requirements.

| | June 30, 2023 | | | |
|---|------------------------|--------|------------------------|--------|
| | WVS | | West View Savings Bank | |
| | Amount | Ratio | Amount | Ratio |
| | (Dollars in Thousands) | | | |
| <u>Common Equity Tier 1 Capital (to Risk-Weighted Assets)</u> | | | | |
| Actual | \$ 37,720 | 29.98% | \$ 33,339 | 26.52% |
| To Be Well Capitalized | 8,179 | 6.50 | 8,171 | 6.50 |
| For Capital Adequacy Purposes | 5,663 | 4.50 | 5,657 | 4.50 |
| <u>Tier 1 Capital (to Risk-Weighted Assets)</u> | | | | |
| Actual | \$ 37,720 | 29.98% | \$ 33,339 | 26.52% |
| To Be Well Capitalized | 10,067 | 8.00 | 10,056 | 8.00 |
| For Capital Adequacy Purposes | 7,550 | 6.00 | 7,542 | 6.00 |
| <u>Total Capital (to Risk-Weighted Assets)</u> | | | | |
| Actual | \$ 38,190 | 30.35% | \$ 33,839 | 26.92% |
| To Be Well Capitalized | 12,583 | 10.00 | 12,571 | 10.00 |
| For Capital Adequacy Purposes | 10,067 | 8.00 | 10,056 | 8.00 |
| <u>Tier 1 Capital (to Average Total Assets)</u> | | | | |
| Actual | \$ 37,720 | 10.35% | \$ 33,339 | 9.09% |
| To Be Well Capitalized | 18,221 | 5.00 | 18,348 | 5.00 |
| For Capital Adequacy Purposes | 14,577 | 4.00 | 14,678 | 4.00 |

18. STOCK BENEFIT PLANS

Employee Stock Ownership Plan ("ESOP")

WVS maintains an ESOP for the benefit of officers and Savings Bank employees who have met certain eligibility requirements related to age and length of service. Compensation expense for the ESOP was \$33 thousand, \$87 thousand, and \$145 thousand for the years ended June 30, 2024, 2023, and 2022, respectively. Total ESOP shares as of June 30, 2024 and 2023 were 251,933 and 259,981, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. STOCK BENEFIT PLANS (Continued)

The following table presents the components of the ESOP shares as of June 30, 2024 and 2023.

| | <u>2024</u> | <u>2023</u> |
|---|----------------|----------------|
| Allocated shares | 135,370 | 133,616 |
| Unallocated shares | 116,563 | 126,365 |
| Total ESOP shares | <u>251,933</u> | <u>259,981</u> |
| Fair value of unallocated ESOP shares (dollars in thousands) | \$1,417 | \$1,556 |

The purchase of shares of the Company's stock by the ESOP is funded by three term loans, and contributions from the Company, through the Savings Bank. Unreleased ESOP shares collateralize the loans payable and the cost of these shares is recorded as a contra-equity account in stockholders' equity of the Company. The ESOP's term loans bear a weighted-average interest rate of 8.50%, which rate is subject to adjustment based on annual changes in the prime rate and will mature on March 31, 2035, 2037 and 2038, respectively. Shares are released as payments are made by the ESOP on the loans. The ESOP's sources of repayment on the loans can include dividends, if any, on the unallocated stock held by the ESOP and discretionary contributions from the Savings Bank to the ESOP and other earnings.

Compensation is recognized under the shares released method and compensation expense is equal to the fair value of the shares committed to be released, and unallocated ESOP shares are excluded from outstanding shares for the purpose of computing EPS.

19. DIRECTOR, OFFICER, AND EMPLOYEE BENEFITS

Profit Sharing Plan

The Company maintains a non-contributory profit sharing 401(k) plan (the "401(k) Plan") for its officers and employees who have met the age and length of service requirements. The Plan is a defined contribution plan with the contributions based on a percentage of salaries of the 401(k) Plan participants. The Company made no contributions to the 401(k) Plan for the three years ended June 30, 2024, 2023, and 2022.

Directors' Deferred Compensation Plan

The Company maintains a deferred compensation plan for directors who elect to defer all or a portion of their directors' fees. Deferred fees are paid to the participants in installments commencing in the year following the year the individual is no longer a member of the Board of Directors.

The deferred compensation plan allows for the deferred amounts to be paid in shares of common stock at the prevailing market price on the date of distribution. For fiscal years ended June 30, 2024, 2023, and 2022, 1,731 shares were held by the deferred compensation plan.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. DIRECTOR, OFFICER, AND EMPLOYEE BENEFITS (Continued)

Amounts deferred are included in other noninterest expense and totaled \$36 thousand, \$51 thousand, and \$36 thousand for the fiscal years 2024, 2023, and 2022, respectively. The aggregate liability for the deferred compensation arrangement at June 30, 2024 and 2023, was \$735 thousand and \$646 thousand, respectively, and is included in with “other liabilities” in the Consolidated Balance Sheet.

Bank-Owned Life Insurance (“BOLI”)

The Company has purchased single premium BOLI policies on certain executives. The policies are recorded at their cash surrender values. Increases in cash surrender values are included in noninterest income in the accompanying Consolidated Statement of Income. The Company recorded \$131 thousand, \$117 thousand and \$112 thousand of income in fiscal 2024, 2023, and 2022, respectively, and the policies’ cash surrender values totaling \$5.4 million and \$5.2 million at June 30, 2024 and 2023, respectively, are reflected as an asset on the Consolidated Balance Sheet.

Executive Life Insurance

The Company has split dollar life insurance arrangements (“Split Dollar Life Insurance Agreements”) with certain executives. This plan provides each executive a specified death benefit should the executive die while in the Company’s employ. The Company owns the policies and all cash values thereunder. Upon death of the covered executive, the agreed-upon amount of death proceeds from the policies will be paid directly to the insured’s beneficiary. As of June 30, 2024, the policies had total death benefits of \$10.9 million of which \$2.7 million would have been paid to the executives’ beneficiaries and the remaining \$8.2 million would have been paid to the Company. A portion of the death benefit coverage may continue to the Company’s CEO in the event of a change in control or other termination of his employment. In the event the other executives terminate employment with the Company, their split dollar interests in the policies cease. The Company accrued a benefit expense of \$66 thousand, \$66 thousand, and \$63 thousand in fiscal 2024, 2023, and 2022, respectively, for the split dollar benefit.

Supplemental Executive Retirement Plan (“SERP”)

On September 1, 2013, the Company entered into a supplemental executive retirement plan (SERP) agreement with its CEO. The plan was targeted to provide him with an annual retirement benefit commencing at age 65. The Company accrued expenses of \$146 thousand, \$141 thousand, and \$137 thousand for fiscal years 2024, 2023, and 2022, respectively, in connection with the SERP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20. INCOME TAXES

The provision for income taxes consists of:

| | 2024 | 2023 | 2022 |
|--------------------|------------------------|--------|--------|
| | (Dollars in Thousands) | | |
| Currently payable: | | | |
| Federal | \$ 399 | \$ 461 | \$ 358 |
| State | 191 | 168 | 126 |
| | 590 | 629 | 484 |
| Deferred | (63) | (59) | (60) |
| Total | \$ 527 | \$ 570 | \$ 424 |

In addition to income taxes applicable to income before taxes in the Consolidated Statement of Income, the following income tax amounts were recorded to stockholders' equity during the years ended June 30:

| | 2024 | 2023 | 2022 |
|---|------------------------|----------|--------|
| | (Dollars in Thousands) | | |
| Net unrealized loss (gain) on securities available for sale | \$ (94) | \$ (159) | \$ 423 |
| Net non-credit gain on securities with OTTI | (1) | (1) | (2) |
| Net loss (gain) recorded to stockholders' equity | \$ (95) | \$ (160) | \$ 421 |

The following temporary differences gave rise to the net deferred tax assets at June 30:

| | 2024 | 2023 |
|--|------------------------|--------|
| | (Dollars in Thousands) | |
| Deferred tax assets: | | |
| Allowance for credit losses | \$ 116 | \$ 102 |
| Deferred compensation | 160 | 142 |
| Retirement Plan | 288 | 257 |
| Reserve for off-balance sheet commitments | 8 | 6 |
| OTTI other impairment | 9 | 9 |
| OTTI credit impairment | 52 | 53 |
| Net unrealized loss on securities available for sale | 41 | 135 |
| Other | 164 | 159 |
| Total gross deferred tax assets | 838 | 863 |
| Deferred tax liabilities: | | |
| Depreciation reserve | 42 | 45 |
| Net unrealized gain on securities available for sale | - | |
| Deferred origination fees, net | 181 | 177 |
| Total gross deferred tax liabilities | 223 | 222 |
| Net deferred tax assets | \$ 615 | \$ 641 |

No valuation allowance was established at June 30, 2024 and 2023, in view of the Company's ability to carryback to taxes paid in previous years, future anticipated taxable income, which is evidenced by the Company's earnings potential, and deferred tax liabilities at June 30, 2024 and 2023.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20. INCOME TAXES (Continued)

The Company and its subsidiary file a consolidated federal income tax return. Prior to 1996, the Savings Bank was permitted under the Internal Revenue Code to establish a tax reserve for bad debts, and to make annual additions within specified limitations which may have been deducted in arriving at its taxable income. Subsequent to 1995, the Savings Bank's bad debt deduction may be computed using an amount based on its actual loss experience (the "experience method").

U.S. generally accepted accounting principles prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Benefits from tax positions should be recognized in the financial statements only when it is more likely than not that the tax position will be sustained upon examination by the appropriate taxing authority that would have full knowledge of all relevant information. A tax position that meets the more-likely-than-not recognition threshold is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. Tax positions that previously failed to meet the more-likely-than-not recognition threshold should be recognized in the first subsequent financial reporting period in which that threshold is met. Previously recognized tax positions that no longer meet the more-likely-than-not recognition threshold should be derecognized in the first subsequent financial reporting period in which that threshold is no longer met.

There is currently no liability for uncertain tax positions and no known unrecognized tax benefits. The Company recognizes, when applicable, interest and penalties related to unrecognized tax benefits in the provision for income taxes in the Consolidated Statement of Income. With few exceptions, the Company is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2021.

The following is a reconciliation between the actual provision for income taxes and the amount of income taxes which would have been provided at federal statutory rates for the years ended June 30:

| | 2024 | | 2023 | | 2022 | |
|---|------------------------|--------------------------|--------|--------------------------|--------|--------------------------|
| | Amount | % of Pretax Income | Amount | % of Pretax Income | Amount | % of Pretax Income |
| | (Dollars in Thousands) | | | | | |
| Provision at statutory rate | \$ 405 | 21.3% | \$ 487 | 21.0% | \$ 350 | 21.0% |
| State income tax, net of federal tax benefit | 151 | 7.9 | 133 | 5.7 | 100 | 6.0 |
| Bank Owned Life Insurance | (27) | (1.4) | (25) | (1.1) | (23) | (1.4) |
| Other, net | (2) | (0.1) | (25) | (1.1) | (3) | (0.1) |
| | \$ 527 | 27.7% | \$ 570 | 24.5% | \$ 424 | 25.5% |
| Actual tax expense and effective rate | \$ 527 | 27.7% | \$ 570 | 24.5% | \$ 424 | 25.5% |

The Savings Bank is subject to the Pennsylvania Mutual Thrift Institutions Tax, which is calculated at 11.5 percent of earnings.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20. INCOME TAXES (Continued)

Prior to the enactment of the Small Business Job Protection Act, the Company accumulated approximately \$3.9 million of retained earnings, which represent allocations of income to bad debt deductions for tax purposes only. Since there is no amount that represents the accumulated bad debt reserves subsequent to 1987, no provision for federal income tax has been made for such amount. If any portion of this amount is used other than to absorb loan losses (which is not anticipated), the amount will be subject to federal income tax at the current corporate rate.

21. REGULATORY MATTERS

Cash and Due From Banks

The Federal Reserve requires the Savings Bank to maintain certain reserve balances. The required reserves are computed by applying prescribed ratios to the Savings Bank's average deposit transaction account balances. In response to the COVID 19 Pandemic, effective March 26, 2020, the Federal Reserve reduced the reserve requirement to zero percent. As of June 30, 2024 and 2023, the Savings Bank had no required reserves. The required reserves would be held in the form of vault cash and an interest-bearing depository balance maintained directly with the Federal Reserve.

Loans

Federal law prohibits the Company from borrowing from the Savings Bank unless the loans are secured by specific obligations. Further, such secured loans are limited in amount to 15 percent of the Savings Bank's capital surplus.

Dividend Restrictions

The Savings Bank is subject to the Pennsylvania Banking Code, which restricts the availability of surplus for dividend purposes. At June 30, 2024, surplus funds of \$3.4 million were not available for dividends from the Savings Bank to the Company.

22. FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for an asset or liability in an orderly transaction between market participants at the measurement date. GAAP established a fair value hierarchy that prioritizes the use of inputs used in valuation methodologies into the following three levels:

- Level I: Quoted prices are available in active markets for identical assets or liabilities as of the reported date.
- Level II: Pricing inputs are other than the quoted prices in active markets, which are either directly or indirectly observable as of the reported date. The nature of these assets and liabilities includes items for which quoted prices are available but traded less frequently and items that are fair-valued using other financial instruments, the parameters of which can be directly observed.
- Level III: Assets and liabilities that have little to no pricing observability as of the reported date. These items do not have two-way markets and are measured using management's best estimate of fair value, where the inputs into the determination of fair value require significant management judgment or estimation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22. FAIR VALUE MEASUREMENTS (Continued)

Assets Measured at Fair Value on a Recurring Basis

Investment Securities Available-for-Sale

Fair values for securities available for sale are determined by obtaining quoted prices on nationally recognized securities exchanges or matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities, but rather by relying on the securities' relationship to other benchmark quoted securities. The Company has no Level I or Level III investment securities. Level II investment securities were primarily comprised of investment-grade corporate bonds and U.S. dollar-denominated investment-grade corporate bonds of large foreign issuers.

The following tables present the assets reported on a recurring basis on the Consolidated Balance Sheet at their fair value as of June 30, 2024 and June 30, 2023, by level within the fair value hierarchy. As required by GAAP, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

| | June 30, 2024 | | | |
|--|------------------------|-----------|-----------|-----------|
| | Level I | Level II | Level III | Total |
| | (Dollars in Thousands) | | | |
| Assets measured on a recurring basis: | | | | |
| Investment securities – available for sale: | | | | |
| U.S. government agency securities | \$ - | \$ 2,990 | \$ - | \$ 2,990 |
| Corporate debt securities | - | 18,849 | - | 18,849 |
| Commercial paper | - | 3,388 | - | 3,388 |
| Foreign debt securities ⁵ | - | 2,008 | - | 2,008 |
| Obligations of states and political subdivisions | - | 421 | - | 421 |
| Collateralized mortgage obligations | - | 9,715 | - | 9,715 |
| | \$ - | \$ 37,371 | \$ - | \$ 37,371 |

| | June 30, 2023 | | | |
|--|------------------------|-----------|-----------|-----------|
| | Level I | Level II | Level III | Total |
| | (Dollars in Thousands) | | | |
| Assets measured on a recurring basis: | | | | |
| Investment securities – available for sale: | | | | |
| U.S. government agency securities | \$ - | \$ 2,899 | \$ - | \$ 2,899 |
| Corporate debt securities | - | 34,655 | - | 34,655 |
| Foreign debt securities ⁸ | - | 8,882 | - | 8,882 |
| Obligations of states and political subdivisions | - | 480 | - | 480 |
| Collateralized mortgage obligations | - | 1,956 | - | 1,956 |
| | \$ - | \$ 48,872 | \$ - | \$ 48,872 |

⁵ U.S. dollar-denominated investment-grade corporate bonds of large foreign issuers.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23. FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair value of the Company's financial instruments not measured at fair value on a recurring basis are as follows:

| | <u>June 30, 2024</u> | | | | |
|--|------------------------|--------------|----------------|-----------------|------------------|
| | <u>Carrying</u> | <u>Fair</u> | | | |
| | <u>Amount</u> | <u>Value</u> | <u>Level I</u> | <u>Level II</u> | <u>Level III</u> |
| | (Dollars in Thousands) | | | | |
| FINANCIAL ASSETS | | | | | |
| Certificates of deposit | \$ 11,728 | \$ 11,728 | \$ - | \$ 11,728 | \$ - |
| Investment securities – held to maturity | 17,141 | 16,238 | - | 16,238 | - |
| Mortgage-backed securities – held to maturity: | | | | | |
| Agency | 188,725 | 162,927 | - | 162,927 | - |
| Private-Label | 220 | 402 | - | - | 402 |
| Net loans receivable | 76,353 | 69,380 | - | - | 69,380 |
| FINANCIAL LIABILITIES | | | | | |
| Deposits: | | | | | |
| Certificates of deposit | \$ 20,650 | \$ 20,409 | \$ - | \$ - | \$ 20,409 |
| FHLB short-term fixed rate | 10,136 | 10,136 | 10,136 | - | - |
| FHLB short-term variable rate | 110,847 | 110,847 | 110,847 | - | - |
| FRB term funding | 70,808 | 70,468 | 70,468 | - | - |

| | <u>June 30, 2023</u> | | | | |
|--|------------------------|--------------|----------------|-----------------|------------------|
| | <u>Carrying</u> | <u>Fair</u> | | | |
| | <u>Amount</u> | <u>Value</u> | <u>Level I</u> | <u>Level II</u> | <u>Level III</u> |
| | (Dollars in Thousands) | | | | |
| FINANCIAL ASSETS | | | | | |
| Certificates of deposit | \$ 19,512 | \$ 19,512 | \$ - | \$ 19,512 | \$ - |
| Investment securities – held to maturity | 18,160 | 16,923 | - | 16,923 | - |
| Mortgage-backed securities – held to maturity: | | | | | |
| Agency | 184,180 | 162,640 | - | 162,640 | - |
| Private-Label | 290 | 418 | - | - | 418 |
| Net loans receivable | 73,138 | 67,964 | - | - | 67,964 |
| FINANCIAL LIABILITIES | | | | | |
| Deposits: | | | | | |
| Certificates of deposit | \$ 20,847 | \$ 20,553 | \$ - | \$ - | \$ 20,553 |
| FHLB short-term fixed rate | 10,644 | 10,644 | 10,644 | - | - |
| FHLB short-term variable rate | 107,000 | 107,000 | 107,000 | - | - |
| FRB term funding | 65,840 | 65,394 | 65,394 | - | - |

All financial instruments included in the above tables, with the exception of net loans receivable, certificates of deposit liabilities, and FHLB advances – fixed rate, are carried at cost, which approximates the fair value of the instruments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

24. PARENT COMPANY

Condensed financial information of WVS Financial Corp. is as follows:

CONDENSED BALANCE SHEET

| | June 30, | |
|---|------------------------|------------------|
| | 2024 | 2023 |
| | (Dollars in Thousands) | |
| ASSETS | | |
| Interest-earning deposits with subsidiary bank | \$ 2,791 | \$ 3,572 |
| Certificates of deposit | 1,489 | 744 |
| Investment securities available for sale | - | - |
| Investment in subsidiary bank | 33,392 | 32,798 |
| Other assets | 136 | 108 |
| | <u>37,808</u> | <u>37,222</u> |
| TOTAL ASSETS | \$ 37,808 | \$ 37,222 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Other liabilities | \$ 54 | \$ 43 |
| Stockholders' equity | 37,754 | 37,179 |
| | <u>37,808</u> | <u>37,222</u> |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 37,808 | \$ 37,222 |

CONDENSED STATEMENT OF INCOME

| | Year Ended June 30, | | |
|--|------------------------|-----------------|-----------------|
| | 2024 | 2023 | 2022 |
| | (Dollars in Thousands) | | |
| INCOME | | | |
| Interest on loans | \$ 146 | \$ 103 | \$ 66 |
| Interest on certificates of deposit | 61 | 19 | - |
| Interest on investment securities available for sale | 43 | 33 | 19 |
| Dividend from subsidiary | 1,000 | 1,125 | 975 |
| Interest-earning deposits with subsidiary bank | - | - | - |
| | <u>1,250</u> | <u>1,280</u> | <u>1,060</u> |
| Total income | 1,250 | 1,280 | 1,060 |
| OTHER OPERATING EXPENSE | | | |
| | <u>63</u> | <u>65</u> | <u>172</u> |
| Income before equity in undistributed earnings of subsidiary | 1,187 | 1,214 | 888 |
| Equity in undistributed earnings of subsidiary | 253 | 518 | 332 |
| | <u>1,440</u> | <u>1,732</u> | <u>1,220</u> |
| Income before income taxes | 1,440 | 1,732 | 1,220 |
| Income tax (benefit) expense | 63 | 24 | (24) |
| NET INCOME | \$ 1,377 | \$ 1,708 | \$ 1,244 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

24. PARENT COMPANY (Continued)

STATEMENT OF CASH FLOWS

| | Year Ended June 30, | | |
|---|------------------------|-----------------|-----------------|
| | 2024 | 2023 | 2022 |
| | (Dollars in Thousands) | | |
| OPERATING ACTIVITIES | | | |
| Net income | \$ 1,377 | \$ 1,708 | \$ 1,244 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Equity in undistributed earnings of subsidiary | (252) | (518) | (332) |
| Amortization of unallocated ESOP shares | 109 | 134 | 163 |
| Other, net | (38) | 300 | (217) |
| Net cash provided by operating activities | <u>1,196</u> | <u>1,624</u> | <u>858</u> |
| INVESTING ACTIVITIES | | | |
| Available for sale: | | | |
| Purchases of investment securities available for sale | (5,916) | (5,314) | (9,271) |
| Proceeds from repayments of investment securities available for sale | 5,937 | 7,340 | 10,807 |
| Purchase of certificates of deposit | (1,489) | (744) | - |
| Maturities/redemptions of certificates of deposit | 744 | - | - |
| Net cash (used for) provided by investing activities | <u>(724)</u> | <u>1,282</u> | <u>1,536</u> |
| FINANCING ACTIVITIES | | | |
| Cash dividends paid | (703) | (668) | (696) |
| Purchase of treasury stock | (550) | (1,356) | (696) |
| Net cash used for financing activities | <u>(1,253)</u> | <u>(2,024)</u> | <u>(1,392)</u> |
| (Decrease) increase in cash and cash equivalents | (781) | 882 | 1,002 |
| CASH AND CASH EQUIVALENTS | | | |
| BEGINNING OF YEAR | <u>3,572</u> | <u>2,690</u> | <u>1,688</u> |
| CASH AND CASH EQUIVALENTS | | | |
| END OF YEAR | <u>\$ 2,791</u> | <u>\$ 3,572</u> | <u>\$ 2,690</u> |

25. SUBSEQUENT EVENTS

Management has reviewed events occurring through September 6, 2024, the date the financial statements were issued, and no subsequent events occurred requiring accrual or disclosure.

**WVS FINANCIAL CORP.
CORPORATE INFORMATION**

CORPORATE OFFICES
WVS FINANCIAL CORP. • WEST VIEW SAVINGS BANK
9001 Perry Highway Pittsburgh, PA 15237
412-364-1911

COMMON STOCK

WVS Financial Corp. is traded on the OTCQX market under the symbol "WVFC".

TRANSFER AGENT & REGISTRAR

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INVESTOR RELATIONS

David J. Bursic
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412-931-2171

CRANBERRY OFFICE

20531 Perry Highway
724-776-3480

FRANKLIN PARK OFFICE

2566 Brandt School Road
724-935-7100

SHERWOOD OAKS OFFICE

Serving Sherwood Oaks
Cranberry Twp.

LENDING DIVISION

2566 Brandt School Road
724-935-7400

BOARD OF DIRECTORS

John A. Howard, Jr.
Former Senior Vice President and
Chief Financial Officer
Laurel Capital Corp.

David J. Bursic
Vice Chairman,
President and
Chief Executive Officer
WVS Financial Corp. and
West View Savings Bank

Lawrence M. Lehman
Former Office Manager
Dinnin & Parkins Associates

Edward F. Twomey, III
Managing Director - Fixed Income Division
Loop Capital

Joseph W. Unger
Former President
White Heating, Inc.

John W. Grace – Ex Officio
Former President
G & R Investment Consultants, Inc.
Deceased July 10, 2024

EXECUTIVE OFFICERS

John A. Howard, Jr.
Chairman

David J. Bursic
Vice Chairman,
President and
Chief Executive Officer

Michael R. Rutan
Senior Vice President - Operations
Corporate Secretary

James M. Hein
Controller

The members of the Board of Directors serve in that capacity for both the Company and the Savings Bank.