2025 ANNUAL REPORT

AUBURN
Bancorp

PRESIDENT'S LETTER TO SHAREHOLDERS

The Bank earned $104,110 during the fiscal year ending on June 30, 2025, providing earnings of $0.21 per share of stock. The stock price at that time was $9.00 per share. The Bank's balance sheet experienced a slight gain of $264,833 year over year.

In June 2024, the Board of Directors approved an initial budget of just over $105,000. In January 2025, a recast of the budget was necessary and net income projections were lowered to just over $70,000. In February, the doldrums of the previous two fiscal years seemed to be dissipating but slow movement in interest rates and inconsequential loan activity didn't provide the confidence needed to be certain of sustained improvement. As spring approached, the Bank experienced increased profitability and noticeable increased business activity.

Seemingly, the key attribute to banking over the past several years has been one's ability to "pivot". We have been through a long period of extremely low rates, followed by an influx of cash on hand through COVID, steep interest rate increases, the runoff of cash as COVID funds dried up, and staffing challenges as Maine is the nation's "grayest" state. Through these challenges we have extended our fundings, continually examined our use of staff and technology, created a new stream of revenue in increased mortgage sales, and vigorously negotiated with each contract and vendor to ensure we get what we pay for. All of our accomplishments reflect the capacity of our staff to work together, remain relevant, and to carry on the legacy of the Bank.

The Bank remains on track to meet the majority of its strategic goals, currently working on developing an investment referral network, incentive-based deposit accounts and expanding our small business lending. We recently revamped our credit card referral program, which has received decent attention and will work on merchant services and payroll referral programs to elicit more interest. A new strategic planning process will likely begin before the end of the current fiscal year.

On behalf of the Board of Directors and staff, thank you for your support.

Respectfully submitted,

William C. Tracy
President and Chief Executive Officer

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AUBURN BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

With Independent Auditors' Report

JUNE 30, 2025 AND 2024

Albin
Randall
& Bennett

AUBURN BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

TABLE OF CONTENTS

Albin
Randall
& Bennett

CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Audit Committee
Auburn Bancorp, Inc. and Subsidiary:

Opinion

We have audited the accompanying consolidated financial statements of Auburn Bancorp, Inc. and Subsidiary (the Bank), which comprise the consolidated statements of financial condition as of June 30, 2025 and 2024, and the related statements of income and comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Auburn Bancorp, Inc. and Subsidiary as of June 30, 2025 and 2024, 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Auburn Bancorp, Inc. and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 U.S. generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with U.S. generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Auburn Bancorp, Inc. and Subsidiary’s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Auburn Bancorp, Inc. and Subsidiary’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.

Albin, Randall, & Bennett

September 19, 2025

AUBURN BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

JUNE 30, 2025 AND 2024

ASSETS

	2025	2024
Cash and cash equivalents	$ 4,159,370	2,968,495
Investments - available for sale	12,720,710	13,795,627
Investments - other	861,000	921,000
Loans, net of allowance for credit losses on loans of $798,538 and $867,636 in 2025 and 2024, respectively	81,637,479	81,276,530
Accrued interest receivable	348,558	359,886
Income taxes receivable	-	18,360
Property and equipment, net of accumulated depreciation	1,241,326	1,329,921
Bank owned life insurance	934,508	908,392
Deferred income taxes	522,416	584,219
Prepaid expenses and other assets	305,142	303,246
	$ 102,730,509	102,465,676

See accompanying notes to consolidated financial statements.

LIABILITIES AND STOCKHOLDERS' EQUITY

	2025	2024
LIABILITIES:		
Deposits	$ 76,928,100	75,015,035
Borrowed funds	19,000,000	21,025,000
Income taxes payable	16,372	-
Accrued expenses and other liabilities	247,690	209,316
Total liabilities	96,192,162	96,249,351
STOCKHOLDERS' EQUITY:		
Common stock, $.01 par value, 10,000,000 shares authorized, 503,284 shares issued and outstanding	5,033	5,033
Additional paid-in capital	1,459,226	1,459,226
Retained earnings	6,969,464	6,865,354
Accumulated other comprehensive loss	(1,895,376)	(2,113,288)
Total stockholders' equity	6,538,347	6,216,325
	$ 102,730,509	102,465,676

See accompanying notes to consolidated financial statements.

AUBURN BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
INTEREST AND DIVIDEND INCOME:		
Loans	$ 4,434,276	4,265,399
Investments	493,425	494,477
Dividends on Federal Home Loan Bank Stock	71,135	73,510
Total interest and dividend income	4,998,836	4,833,386
INTEREST EXPENSE:		
Interest on deposits and escrow accounts	1,759,227	1,540,192
Interest on borrowed funds	755,500	793,653
Total interest expense	2,514,727	2,333,845
Net interest income	2,484,109	2,499,541
PROVISION FOR CREDIT LOSSES ON LOANS	(68,000)	(2,000)
Net interest income after provision for credit losses	2,552,109	2,501,541
NON-INTEREST INCOME:		
Net gain on sale of loans	106,524	100,830
Interchange income	110,597	114,604
Loan fee income	41,703	22,055
Deposit fee income	54,915	54,725
Servicing fees on sold loans	75,964	69,449
Other non-interest income	73,188	76,392
Total non-interest income	462,891	438,055
NON-INTEREST EXPENSES:		
Salaries and employee benefits	1,606,316	1,642,130
Office occupancy	146,458	149,066
Depreciation	102,848	133,474
Federal deposit insurance premiums	81,716	86,818
Computer expenses	402,540	399,208
Consulting fees	24,021	38,776
Marketing	11,685	12,126
ATM and debit card costs	100,835	87,449
Audit and examinations	126,020	143,026
Other operating expenses	277,951	244,155
Total non-interest expenses	2,880,390	2,936,228
Income before income taxes	134,610	3,368
Income tax expense	30,500	2,619
Net income	104,110	749

See accompanying notes to consolidated financial statements.

AUBURN BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME, CONTINUED

YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
OTHER COMPREHENSIVE INCOME:		
Unrealized gains on investments available-for-sale:		
Unrealized holding gains arising during the period	275,838	10,476
Tax effect	(57,926)	(2,200)
Net unrealized gain on investments available-for-sale	217,912	8,276
Total comprehensive income	$ 322,022	9,025
NET INCOME PER SHARE OF COMMON STOCK	$ 0.21	-

See accompanying notes to consolidated financial statements.

AUBURN BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

YEARS ENDED JUNE 30, 2025 AND 2024

	Preferred stock	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Total
Balance at June 30, 2023	$ -	5,033	1,459,226	6,864,605	(2,121,564)	6,207,300
Net income	-	-	-	749	-	749
Net change in unrealized loss on available-for-sale securities	-	-	-	-	8,276	8,276
Balance at June 30, 2024	-	5,033	1,459,226	6,865,354	(2,113,288)	6,216,325
Net income	-	-	-	104,110	-	104,110
Net change in unrealized loss on available-for-sale securities	-	-	-	-	217,912	217,912
Balance at June 30, 2025	$ -	5,033	1,459,226	6,969,464	(1,895,376)	6,538,347

See accompanying notes to consolidated financial statements.

AUBURN BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
OPERATING ACTIVITIES:		
Net income	$ 104,110	749
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	102,847	133,474
Amortization of investment premiums and discounts, net	(12,282)	(11,875)
Provision for credit losses on loans	(68,000)	(2,000)
Deferred income tax expense (benefit)	3,877	(18,629)
Gain on sale of loans	(106,524)	(100,830)
Proceeds from sale of loans	3,504,848	4,445,060
Loans originated for sale	(3,398,324)	(4,344,230)
Bank owned life insurance-change in cash surrender value	(26,116)	(24,197)
Change in operating assets and liabilities:		
Accrued interest receivable	11,328	(52,184)
Income taxes receivable	18,360	12,077
Prepaid expenses and other assets	(1,896)	12,655
Income taxes payable	16,372	-
Accrued expenses and other liabilities	38,374	8,990
Net cash provided by operating activities	186,974	59,060
INVESTING ACTIVITIES:		
Proceeds from maturities, calls and principal paydowns on investments available-for-sale	1,363,037	1,354,885
Loans, net of principal collections	(292,949)	(1,090,756)
Decrease (increase) in Federal Home Loan Bank (FHLB) stock	60,000	(125,100)
Purchases of property and equipment	(14,252)	(31,940)
Net cash provided by investing activities	1,115,836	107,089
FINANCING ACTIVITIES:		
Advances from FHLB	4,000,000	16,025,000
Repayment of advances from FHLB	(6,025,000)	(13,330,000)
Net increase (decrease) in deposits	1,913,065	(3,967,576)
Net cash used by financing activities	(111,935)	(1,272,576)
Increase (decrease) in cash	1,190,875	(1,106,427)
Cash and cash equivalents at beginning of year	2,968,495	4,074,922
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 4,159,370	2,968,495

See accompanying notes to consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General - Auburn Bancorp, Inc. through its subsidiary, Auburn Savings Bank, FSB, grants residential, consumer and commercial loans to customers primarily throughout the Lewiston/Auburn, Maine area. Auburn Bancorp, Inc. and Subsidiary (the Bank) is subject to competition from other financial institutions. The Bank is subject to the regulations of certain federal agencies and undergoes periodic examinations by those regulatory authorities.

The Bank is a majority-owned subsidiary of Auburn Bancorp, MHC (the MHC). In 2008, the Bank conducted a minority stock offering pursuant to which it sold 226,478 shares, or 45% of its common stock, at a price of $10.00 per share to eligible depositors and other members of the Bank, an employee stock ownership plan (ESOP) and members of the general public in a subscription and community offering. In addition, the Bank issued 276,806 shares, or 55% of its common stock, to the MHC.

Principles of consolidation - The consolidated financial statements include the accounts of Auburn Bancorp, Inc. and its wholly owned subsidiary, Auburn Savings Bank, FSB. All significant intercompany accounts and transactions have been eliminated.

Use of estimates - The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents - Cash and cash equivalents include cash on hand and balances in various accounts at other institutions.

Investments - Investments classified as available-for-sale securities consist of mortgage-backed securities and Small Business Administration securities. Investments available-for-sale are recorded at fair value, adjusted for amortization of premiums and accretion of discounts. Unrealized gains and losses are excluded from earnings and reported in other comprehensive income until realized. Gains and losses on available-for-sale securities are recorded on trade date and are determined using the specific-identification method. Premiums and discounts are recognized in interest income using the interest method. A security is impaired if its fair value is less than its amortized cost basis. Impairment related to credit losses on available-for-sale debt securities is recorded through the allowance for credit losses to the extent the fair value is less than the amortized cost basis. The Bank has determined no allowance for credit losses is required for debt securities at June 30, 2025 and 2024.

Other investments consist of Federal Home Loan Bank (FHLB) stock. FHLB stock is a non-marketable equity security and is subject to adjustments for any observable market transactions on the same or similar instruments of the investee. The investment in FHLB stock is required for membership.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Loans and allowance for credit losses on loans - Loans are stated at unpaid principal balances adjusted for chargeoffs, the allowance for credit losses, and any deferred fees or costs on originated loans. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan yield using the interest method over the estimated life of the loans.

Loans past due 30 days or more are considered delinquent. The accrual of interest on mortgage and commercial loans is discontinued at the time the loan is 90 days delinquent unless the credit is well secured and in process of collection. Consumer loans are typically charged off no later than 180 days past due. In all cases, loans are placed on non-accrual or charged off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on non-accrual or charged off is reversed against interest income. Cash payments on these loans are generally applied to principal balances until qualifying for return to accrual. Generally, loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

The allowance for credit losses is increased through a provision for credit losses charged to earnings. Credit losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. The allowance for credit losses on loans is evaluated on a regular basis by management and represents management's estimate of lifetime credit losses inherent in loans as of the statement of financial condition date.

In determination of the allowance for credit losses on loans, the Bank has applied the weighted average remaining maturity (WARM) method. The WARM method determines an average annual loss rate, which is applied on loan pools for estimated outstanding balances for future periods. The Bank’s allowance for credit losses on loans is that amount considered adequate to absorb expected losses in the portfolio based on management’s evaluations of the size and current risk characteristics of the loan portfolio. Such evaluations consider past events, including historical experience, current conditions, and reasonable and supportable forecasts. In this process, both quantitative and qualitative methods are used to consider all available information relevant to assessing collectibility. This may include internal information, external information, or a combination of both relating to past events, current conditions, and reasonable and supportable forecasts. These factors are developed and applied to the portfolio in terms of loan segment, which the Bank has defined as collateral type. The qualitative factors associated with the allowance for credit losses on loans are subjective and require a high degree of management judgment. These factors include the credit quality statistics, recent economic uncertainty, and losses incurred from recent events.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Loans and allowance for credit losses on loans, continued - Financial instruments include off-balance sheet credit instruments, such as commitments to make loans and commercial letters of credit issued to meet member financing needs. The Bank records an allowance for credit losses on off-balance sheet credit exposures, unless the commitments to extend credit are unconditionally cancelable, through a charge to provision for unfunded commitments. The allowance for credit losses on off-balance sheet credit exposures is estimated by loan segment under the current expected credit loss model using the same methodologies as portfolio loans, taking into consideration the likelihood that funding will occur as well as any third-party guarantees. The Bank has recorded an allowance for credit losses of $14,000 and $12,000 for off-balance sheet credit exposures at June 30, 2025 and 2024, respectively.

Loans held for sale - Loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated fair value in the aggregate. Due to the short period of time loans held for sale are maintained by the Bank, cost approximates market value. Certain sales are made with limited recourse. See note 8. Gains on the sale of loans held for sale totaled approximately $107,000 and $101,000 for the years ended June 30, 2025 and 2024, respectively.

Loan servicing - The Bank capitalizes mortgage servicing rights at their fair value upon sale of the related loans. Capitalized servicing rights are reported in other assets and are amortized into other operating expenses in proportion to, and over the period of, the estimated future net servicing income of the underlying financial assets. Servicing assets are evaluated for impairment based upon the fair value of the rights as compared to amortized cost.

Property and equipment - Property and equipment is stated at cost. Depreciation is computed by a combination of straight-line and accelerated methods over the estimated useful lives of the assets.

Bank owned life insurance (BOLI) - The Bank purchased life insurance policies insuring the lives of certain officers of the Bank. Consent was obtained from the employees prior to purchase. BOLI is reported at the cash surrender values of the policies. Income related to BOLI assets is included in other non-interest income.

Other real estate owned (OREO) - Real estate properties acquired through or in lieu of loan foreclosure are initially recorded at book value not to exceed fair value at the date of foreclosure. Costs relating to development and improvement of property are capitalized, whereas costs relating to holding property are expensed. Management periodically performs valuations, and an allowance for losses is established by means of a charge to operations if the carrying value of a property exceeds the lower of its fair value less estimated costs to sell or cost.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fair values of financial instruments - The following methods and assumptions were used by the Bank in estimating fair values of financial instruments as disclosed herein:

Cash and cash equivalents - The carrying amounts of cash and cash equivalents approximate fair value.

Investment securities - Fair values for available-for-sale securities have been estimated using quoted market prices. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. Other investments are carried at cost, which approximates fair value.

Loans - For variable rate loans and loans with relatively near-term maturities (such as consumer installment loans) carrying values approximate fair values. The fair value of long-term fixed rate loans has been estimated using present value cash flows, discounted at a rate approximating current market rates.

Accrued interest receivable - The carrying amount approximates fair value.

Deposit liabilities - The fair values of checking, savings, and money market accounts are, by definition, equal to the amount payable on demand at the reporting date (that is, their carrying amounts). The carrying amounts of variable rate, fixed term certificates approximate their fair values at the reporting date. Fair values for fixed-rate certificates are estimated using a discounted cash flow calculation that applies interest rates currently being offered on certificates to a schedule of aggregate expected monthly maturities on certificates.

Long-term borrowings - The carrying amounts of long-term borrowings are estimated using discounted cash flow analysis based on the Bank’s current incremental borrowing rates for similar types of borrowing arrangements.

Off-balance sheet items - Fair value for off-balance sheet lending commitments are based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the counter-parties’ credit standings. The carrying value and fair value of commitments to extend credit are not considered material for disclosure.

Revenue recognition - The majority of the Bank's revenues come from interest income and other sources, including loans and investments, with revenue recognized on the accrual basis. The Bank also has non-interest income such as service charges on deposits, interchange income, and the gain/loss on the sale of other real estate owned, with revenue recognized as the Bank satisfies its performance obligations to the customers.

Interest income - The largest source of revenue for the Bank is interest income. Interest income is primarily recognized on an accrual basis according to loan agreements or investment contracts.

Non-interest income - The Bank earns non-interest income through a variety of financial and transaction services provided to customers. Revenue is recorded as non-interest income based on contractual terms, as transactions occur, or as services are provided and collectibility is reasonably assured.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Revenue recognition, continued

Service charges on deposit accounts - The Bank earns fees from its deposit customers for transaction-based items, account maintenance, and overdraft services. Transaction-based fees, which include services such as ATM use fees, stop payment charges, statement rendering, and ACH fees, are recognized at the time the transaction is executed as that is the point in time the Bank fulfills the customer's request. Account maintenance fees are earned over the course of a month, representing the period over which the Bank satisfies the performance obligation. Overdraft fees are recognized at the point in time that the overdraft occurs. Service charges on deposits are withdrawn from the customer's account balance at the time the transaction occurs.

Interchange income - The Bank earns interchange fees from consumer credit and debit card transactions processed through the Mastercard and other payment networks. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services provided to the cardholder.

Loan origination fees - Loan origination fees and certain direct origination costs are deferred and recognized in interest income over the estimated lives of the related loans.

Gains/losses on sales of OREO - The Bank records a gain or loss from the sale of OREO when control of the property transfers to the buyer, which generally occurs at the time of an executed deed. When the Bank finances the sale of OREO to the customer, the Bank assesses whether the customer is committed to perform their obligations under the contract and whether collectibility of the transaction price is probable. Once these criteria are met, the OREO asset is derecognized and the gain or loss on the sale is recorded upon the transfer of control of the property to the customer. In determining the gain or loss on the sale, the Bank adjusts the transaction price and related gain (loss) on sale if a significant financing component is present.

Earnings per share - Basic earnings per share is determined by dividing net income available to common stockholders by the weighted average number of common shares outstanding during the period.

Earnings per share for the fiscal years ended June 30, is based on the following:

	2025	2024
Net income	$ 104,110	749
Weighted average common shares outstanding	503,284	503,284
Earnings per common share	$ 0.21	-

The Bank does not have any potential common shares, therefore diluted earnings per share is not applicable.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Income taxes - Applicable income taxes for the Bank are provided for the tax effects of transactions reported in the consolidated financial statements and consist of taxes currently due and deferred taxes. Deferred taxes are computed annually for differences between the financial and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted state and federal laws and rates applicable to the periods in which the differences are expected to affect taxable income.

Advertising - The Bank recognizes advertising and promotional expenses as incurred. Advertising and promotional expenses totaled approximately $12,000 for both the years ended June 30, 2025 and 2024.

Subsequent events - The Bank has evaluated events, if any, that have occurred subsequent to June 30, 2025, through September 19, 2025, the date the consolidated financial statements were available to be issued, and included information in the notes to the consolidated financial statements related to any identifiable events, if necessary.

Reclassifications - The consolidated financial statement presentation for 2024 has been changed to conform with the 2025 presentation. Total stockholders' equity and net income are unchanged as a result of the reclassifications.

2. INVESTMENTS

Investments consist of the following:

	2025	2024
Available-for-sale investments:		
Mortgage-backed securities	$ 12,381,750	13,405,723
Small Business Administration securities	338,960	389,904
Total available-for-sale investments	$ 12,720,710	13,795,627
Other investments - FHLB stock	$ 861,000	921,000

2. INVESTMENTS, CONTINUED

Investments have been classified in the consolidated financial statements based on management's intent. The amortized cost and fair value of available-for-sale investments at June 30, is as follows:

2025	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale investments:				
Mortgage-backed securities	$ 14,755,129	9,623	(2,383,002)	12,381,750
Small Business Administration securities	364,792	-	(25,832)	338,960
Total available-for-sale investments	$ 15,119,921	9,623	(2,408,834)	12,720,710
2024				
Available-for-sale investments:				
Mortgage-backed securities	$ 16,037,393	-	(2,631,670)	13,405,723
Small Business Administration securities	433,282	-	(43,378)	389,904
Total available-for-sale investments	$ 16,470,675	-	(2,675,048)	13,795,627

The amortized cost and fair value of debt securities by contractual maturity are not presented because the individual securities are not due at a single maturity date. Actual maturities will differ from contractual maturities since borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

Information pertaining to securities with gross unrealized losses at June 30, aggregated by investment category and length of time that individual securities have been in a continuous loss position, is as follows:

	Less than 12 months		12 months or greater	
2025	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
Available-for-sale investments:				
Mortgage-backed securities	$ -	-	11,779,942	(2,383,002)
Small Business Administration securities	-	-	338,960	(25,832)
Total	$ -	-	12,118,902	(2,408,834)

2. INVESTMENTS, CONTINUED

2024	Less than 12 months Fair value	Less than 12 months Gross unrealized losses	12 months or greater Fair value	12 months or greater Gross unrealized losses
Available-for-sale investments:				
Mortgage-backed securities	$ -	-	13,405,723	(2,631,670)
Small Business Administration securities	-	-	389,904	(43,378)
Total	$ -	-	13,795,627	(2,675,048)

Management evaluates securities for other-than-temporary impairment on a monthly basis and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, and (2) the intent and ability of the Bank to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

Market changes in interest rates will cause normal fluctuations in the market price of securities and the possibility of temporarily unrealized losses. At June 30, 2025, 37 debt securities with unrealized losses have depreciated approximately 17.0% from the Bank's amortized cost basis. At June 30, 2024, 38 debt securities with unrealized losses had depreciated approximately 16.7% from the Bank's amortized cost basis. The reason for the temporary losses is the market interest rates are higher than when the securities were originally purchased. The Bank has determined, based on market analysis and the ability to hold the securities for the foreseeable future, that the entire amortized cost basis of these securities will be recoverable. At June 30, 2025 and 2024, no unrealized losses were deemed by management to be other-than-temporary.

3. LOANS

The composition of loans is as follows:

	2025	2024
Residential real estate	$ 60,815,041	61,954,197
Commercial real estate	14,057,043	12,875,981
Commercial non-real estate	4,268,248	4,690,059
Consumer	3,295,685	2,623,929
	82,436,017	82,144,166
Less allowance for credit losses	798,538	867,636
	$ 81,637,479	81,276,530

3. LOANS, CONTINUED

Net deferred loan origination fees included in loans receivable totaled $81,406 and $77,255, for the years ended June 30, 2025 and 2024, respectively.

Credit Quality and Allowance for Credit Losses

Management uses various strategies to maintain a high level of asset quality including maintaining sound credit standards in loan originations, monitoring the loan portfolio through internal and third party loan reviews, and employing active collection and workout processes for delinquent or problem loans.

Credit risk arises from the inability of a borrower to meet its obligations. The Bank attempts to manage the risk characteristics of the loan portfolio through various control processes defined in part through the Loan Policy, such as credit evaluation of borrowers, establishment of lending limits, and application of lending procedures, including the holding of adequate collateral and the maintenance of compensating balances. Loan origination processes include evaluation of the risk profile of the borrower, repayment sources, the nature of the underlying collateral, and other support given current events, conditions, and expectations. The Bank seeks to rely primarily on the cash flow of borrowers as the principal source of repayment.

Although credit policies and evaluation processes are designed to minimize risk, management recognizes that loan losses will occur and the amount of these losses will fluctuate depending on the risk characteristics of the loan portfolio, as well as general and regional economic conditions.

The Bank provides for loan losses through the establishment of an allowance for credit losses which represents an estimated reserve for all existing credit losses in the loan portfolio. On an on-going basis, loans are monitored by loan officers and are subject to periodic independent outsourced loan reviews. Delinquency and watch lists are regularly reviewed to identify, track and monitor credit risk. At the end of each quarter, the Bank deploys a systematic methodology for determining credit quality that includes formalization and documentation of this review process. Management also classifies the loan portfolio specifically by loan type and monitors credit risk separately as discussed under Credit Quality Indicators below.

Management evaluates the adequacy of the allowance continually based on a review of all significant loans, via delinquency reports and a watch list, historical losses, current conditions, and reasonable and supportable forecasts.

3. LOANS, CONTINUED

Credit Quality and Allowance for Credit Losses, continued

The allowance calculation includes general reserves as well as specific reserves and valuation allowances for individual credits. The specific component relates to loans that are classified as impaired, whereby an allowance is established when the discounted cash flows, collateral value or observable market price of the impaired loan is lower than the carrying value of that loan. The general component relates to pools of non-impaired loans. On a quarterly basis, management assesses the adequacy of the general reserve allowances. Management considers the following qualitative factors, which may include but are not limited to 1) nature and volume of the Bank's financial assets; 2) existence, growth, and effect of any concentrations of credit; 3) volume and severity of past due financial assets, nonaccrual assets, and adversely classified assets; 4) value of underlying collateral for loans that are not collateral dependent; 5) Bank's lending policies and procedures; 6) quality of the Bank's credit review function; 7) experience, ability, and depth of the Bank's personnel; 8) effect of external factors such as the regulatory, legal, and technological environments; and 9) actual and expected changes in international, national, regional, and local economic and business conditions and developments.

A summary of the activity in the allowance for loan losses for the years ended June 30, is as follows:

2025	Commercial non-real estate	Commercial real estate	Residential real estate	Consumer	Unallocated	Total
Balance at beginning of year	$ 99,049	31,037	698,370	24,861	14,319	867,636
Loans charged off	-	-	(1,098)	-	-	(1,098)
Provision	(44,000)	(4,000)	(15,000)	(10,000)	5,000	(68,000)
Balance at end of year	$ 55,049	27,037	682,272	14,861	19,319	798,538
Loans individually evaluated for impairment:						
Loan balance	$ -	97,231	-	-	-	97,231
Allowance allocated	-	-	-	-	-	-
Collectively evaluated for impairment:						
Loan balance	$4,268,248	13,959,812	60,815,041	3,295,685	-	82,338,786
Allowance allocated	55,049	27,037	682,272	14,861	19,319	798,538

3. LOANS, CONTINUED

2024	Commercial non-real estate	Commercial real estate	Residential real estate	Consumer	Unallocated	Total
Balance at beginning of year	$ 87,049	127,037	637,370	8,861	9,319	869,636
Provision	12,000	(96,000)	61,000	16,000	5,000	(2,000)
Balance at end of year	$ 99,049	31,037	698,370	24,861	14,319	867,636
Loans individually evaluated for impairment:						
Loan balance	$ -	110,735	106,296	-	-	217,031
Allowance allocated	-	-	-	-	-	-
Collectively evaluated for impairment:						
Loan balance	$4,690,059	12,765,246	61,847,901	2,623,929	-	81,927,135
Allowance allocated	99,049	31,037	698,370	24,861	14,319	867,636

Risk by Portfolio Segment

Residential real estate

One to four-family residential loans - The Bank's primary lending activity consists of the origination of one to four-family residential mortgage loans, substantially all of which are secured by properties located in its primary market area. The Bank offers adjustable-rate and fixed-rate mortgage loans, which generally have terms of 15, 20 or 30 years.

Home equity loans - Home equity lines of credit and loans are secured by a mixture of first and second mortgages on one to four-family owner-occupied properties. The procedures for underwriting home equity lines of credit and loans include a determination of the applicant's credit history, an assessment of the applicant's ability to meet existing obligations and payments on the proposed loan and the value of the collateral securing the loan. Home equity lines of credit and loans are made in amounts such that the combined first and second mortgage balances generally do not exceed 85% of value. The limit is increased to 90% if the Bank holds the first mortgage.

Construction loans - The Bank offers construction loans for the development of one to four-family residential properties located in the Bank's primary market area. Residential construction loans are generally offered to individuals for construction of their personal residences.

Residential construction loans can be made with a maximum loan-to-value ratio of 97%, provided that the borrower obtains private mortgage insurance on the loan if the loan balance exceeds 80% of the appraised value of the secured property.

3. LOANS, CONTINUED

Risk by Portfolio Segment, continued

Residential real estate, continued

Construction and development financing is generally considered to involve a higher degree of credit risk than long-term financing on improved, owner-occupied real estate. Risk of loss on a construction loan depends largely upon the accuracy of the initial estimate of the value of the property at completion of construction compared to the estimated cost (including interest) of construction and other assumptions. If the estimate of construction cost proves to be inaccurate, the Bank may be required to advance funds beyond the amount originally committed in order to protect the value of the property. Additionally, if the estimate of value proves to be inaccurate, the Bank may be confronted with a project, when completed, having a value which is insufficient to assure full repayment.

Commercial real estate

The Bank offers commercial real estate loans, including commercial business, and multi-family real estate loans that are generally secured by five or more unit apartment buildings and properties used for business purposes such as small office buildings or retail facilities substantially all of which are located in its primary market area.

Commercial and multi-family real estate loan amounts generally do not exceed 80% of the lesser of the property's appraised value or sales price.

The Bank generally requires title insurance for commercial and multi-family real estate loans, an appraisal on all such loans in excess of $400,000, and an evaluation consisting of a broker price opinion and one other value on all properties with a loan amount under $400,000. The Bank may require a full appraisal on property securing any loan less than $400,000.

Loans secured by commercial real estate, including multi-family properties, generally involve larger principal amounts and a greater degree of risk than one to four-family residential mortgage loans. Because payments on loans secured by commercial real estate, including multi-family properties, are often dependent on successful operation or management of the properties, repayment of such loans may be affected by adverse conditions in the real estate market or the economy.

3. LOANS, CONTINUED

Risk by Portfolio Segment, continued

Commercial non-real estate

The Bank makes commercial business loans primarily in its market area to a variety of small businesses, professionals and sole proprietorships. Commercial lending products include term loans and revolving lines of credit. Commercial business loans are generally used for longer-term working capital purposes such as purchasing equipment or furniture. When making commercial loans, the Bank considers the financial statements of the borrower, its lending history with the borrower, the debt service capabilities of the borrower, the projected cash flows of the business and the value of the collateral. Commercial loans are generally secured by a variety of collateral, primarily accounts receivable, inventory and equipment, and the Bank also requires the business principals to execute such loans in their individual capacities. Depending on the amount of the loan and the collateral used to secure the loan, commercial loans are made in amounts of up to 50-100% of the value of the collateral securing the loan. The Bank generally does not make unsecured commercial loans. The Bank requires adequate insurance coverage including, where applicable, title insurance, flood insurance, builder's risk insurance and environmental insurance.

Commercial loans generally have greater credit risk than residential mortgage loans. Unlike residential mortgage loans, which generally are made on the basis of the borrower's ability to make repayment from his or her employment or other income, and which are secured by real property whose value tends to be more easily ascertainable, commercial loans generally are made on the basis of the borrower's ability to repay the loan from the cash flow of the borrower's business. As a result, the availability of funds for the repayment of commercial loans may depend substantially on the success of the business itself. Further, any collateral securing the loans may depreciate over time, may be difficult to appraise and may fluctuate in value. The Bank seeks to minimize these risks through its underwriting standards.

Consumer

The Bank offers a limited range of consumer loans, primarily to customers residing in its primary market area. Consumer loans generally consist of loans on new and used automobiles, loans secured by deposit accounts and unsecured personal loans.

Consumer loans may entail greater risk than do residential mortgage loans, particularly in the case of consumer loans that are unsecured or secured by assets that depreciate rapidly, such as motor vehicles. In the latter case, repossessed collateral for a defaulted consumer loan may not provide an adequate source of repayment for the outstanding loan and a small remaining deficiency often does not warrant further substantial collection efforts against the borrower. Consumer loan collections depend on the borrower's continuing financial stability, and, therefore, are likely to be adversely affected by various factors, including job loss, divorce, illness or personal bankruptcy. Furthermore, the application of various federal and state laws, including federal and state bankruptcy and insolvency laws, may limit the amount that can be recovered on such loans.

3. LOANS, CONTINUED

Credit Quality Indicators – Loan Rating Methodology

The Bank's Loan Review Policy contains a rating system for credit risk. Loans reviewed are graded based on both risk of default as well as risk of loss. The policy defines risk of default as the risk that the borrower will not be able to make timely payments. This risk is assessed based on the capacity to service debt as structured, repayment history, and current status. The policy defines risk of loss as the assessment of the probability that the Bank will incur a loss of capital on a loan due to repayment default. This risk is assessed based on collateral position and net worth of the borrowing and supporting entities. Credit quality indicators are subject to ongoing monitoring by lending and credit personnel with such ratings updated annually or more frequently, if warranted. All credit quality information for the loan portfolio was updated as of June 30, 2025 and 2024.

The rating system is based on the following categories:

1. Excellent – Well established national company, industry in favorable condition, business compares favorably to its industry, capable management team with sufficient depth, loans secured by cash collateral and strong financial condition.

2. Good – Well established local company, favorable industry conditions, company compares favorably to its industry, capable management team with sufficient depth, unqualified opinion on audited financial statements from a reputable CPA firm, loans secured by marketable securities, longstanding Bank customer, financial statement fully supported.

3. Pass/Watch – High – Well to recently established business, industry conditions fair to good, above-average to average performance comparisons relative to industry, capable management team, and financial statement evidences ability to service debt.

3A. Pass/Watch – Marginal – Well to recently established business, industry conditions fair to good, business or individuals in this category are generally local operations, average to marginal performance comparisons relative to industry, company's financial condition may not be fully detailed; however, performance to loan terms has and continues to be achieved; loans in this group are typically well secured when financial capacity is not documented with current and comprehensive financial data.

4. Special Mention – Loan is currently protected, but is potentially weak, borrower is affected by unfavorable economic conditions, adverse operating trends or an unbalanced financial position in the balance sheet which has not yet reached a point of jeopardizing loan payment.

5. Substandard – Loan is inadequately protected by sound worth and paying capacity of the borrower, repayment has become increasingly reliant on collateral or other secondary sources of repayment, credit weaknesses are well defined; orderly debt liquidation from primary repayment sources is in jeopardy, distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected.

3. LOANS, CONTINUED

Credit Quality Indicators – Loan Rating Methodology, continued

6. Doubtful – A loan classified in this category has all the weaknesses inherent in a substandard rated loan with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable and improbable.

7. Loss – Asset that is considered uncollectible and is not warranted as a Bank asset.

Commercial Credit Risk Exposure

Credit risk profile by internally assigned grade at June 30, is as follows:

	2025		2024	
	Commercial non-real estate	Commercial real estate	Commercial non-real estate	Commercial real estate
Acceptable	$ 3,321,794	12,833,499	4,690,059	12,344,819
Pass/Watch - Marginal	900,000	211,483	-	420,427
Special mention	46,454	914,830	-	-
Substandard	-	97,231	-	110,735
Doubtful	-	-	-	-
Loss	-	-	-	-
Total	$ 4,268,248	14,057,043	4,690,059	12,875,981

Residential/Consumer Credit Risk Exposure

Credit risk profile by internally assigned grade at June 30, is as follows:

	2025		2024	
	Residential	Consumer	Residential	Consumer
Acceptable	$ 60,326,104	3,273,752	61,699,250	2,623,929
Pass/Watch - Marginal	-	21,933	148,651	-
Special mention	150,892	-	-	-
Substandard	338,045	-	106,296	-
Doubtful	-	-	-	-
Loss	-	-	-	-
Total	$ 60,815,041	3,295,685	61,954,197	2,623,929

3. LOANS, CONTINUED

Non-Performing Loans

Loans are placed on non-accrual status when reasonable doubt exists as to the full timely collection of interest and principal or when a loan becomes 90 days past due, unless an evaluation clearly indicates that the loan is well-secured and in the process of collection. When a loan is placed on non-accrual status, unpaid interest credited to income is reversed. Interest received on non-accrual loans generally is applied against principal. Generally, loans are restored to accrual status when the obligation is brought current, has performed in accordance with the contractual terms for a reasonable period of time, and the ultimate collectibility of the total contractual principal and interest is no longer in doubt. These policies apply to all classes of loans, including commercial and residential/consumer.

Real estate acquired as a result of foreclosure or by deed-in-lieu of foreclosure is classified as real estate owned until it is sold. When property is acquired, it is recorded at fair value at the date of foreclosure. Holding costs and declines in fair value after acquisition of the property result in charges against income. The Bank held no other real estate owned at June 30, 2025 and 2024.

An age analysis of loans for the years ended June 30, is as follows:

2025	Current	30-59 days past due	60-89 days past due	≥ 90 days past due	Total loans	Total loans on nonaccrual status	Loans ≥ 90 days past due and accruing interest
Commercial non-real estate	$ 4,268,248	-	-	-	4,268,248	-	-
Commercial real estate	14,057,043	-	-	-	14,057,043	-	-
Residential real estate	60,556,250	4,702	254,089	-	60,815,041	99,308	-
Consumer	3,295,685	-	-	-	3,295,685	-	-
Total	$ 82,177,226	4,702	254,089	-	82,436,017	99,308	-
2024							
Commercial non-real estate	$ 4,690,059	-	-	-	4,690,059	-	-
Commercial real estate	12,875,981	-	-	-	12,875,981	-	-
Residential real estate	61,646,100	31,237	60,602	216,258	61,954,197	106,296	109,962
Consumer	2,623,929	-	-	-	2,623,929	-	-
Total	$ 81,836,069	31,237	60,602	216,258	82,144,166	106,296	109,962

3. LOANS, CONTINUED

Nonaccrual loans, consisting entirely of residential real-estate, totaled $262,202 at June 30, 2023. Interest income on non-accrual loans of $342 and $10,338 would have been recognized on these loans if interest had been accrued at June 30, 2025 and 2024, respectively.

Modifications to Customers Experiencing Financial Difficulty

There were no loans modified for customers experiencing financial difficulty during the year ended June 30, 2025.

The Bank services loan for others. These loans consisted of mortgage loans of approximately $31,114,000 and $30,429,000 at June 30, 2025 and 2024, respectively.

The balance of mortgage servicing rights included in other assets at June 30, 2025, was $177,086. Mortgage servicing rights of $47,168 were capitalized, and mortgage servicing rights of $62,805 were amortized during 2025. Mortgage servicing rights included in other assets at June 30, 2024, was $192,723. Mortgage servicing rights of $59,178 were capitalized and mortgage servicing rights of $52,350 were amortized during 2024.

4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2025	2024
Land and land improvements	$ 449,113	449,113
Buildings	2,156,552	2,153,520
Furniture and equipment	643,957	632,737
	3,249,622	3,235,370
Less accumulated depreciation	(2,008,296)	(1,905,449)
Net property and equipment	$ 1,241,326	1,329,921

5. DEPOSITS

Deposit accounts are summarized as follows:

	2025	2024
Checking accounts	$ 14,552,907	17,176,297
Money market accounts	10,581,189	10,246,240
Savings accounts	9,315,253	9,750,578
Time deposits	35,501,626	32,867,045
Brokered certificates of deposit	6,977,125	4,974,875
	$ 76,928,100	75,015,035

The aggregate amount of time deposits with balances over $250,000 approximated $17,843,000 and $12,830,000 for the years ended June 30, 2025 and 2024, respectively.

Scheduled maturities of time deposits for the years ending June 30, are as follows:

2026	$ 36,461,322
2027	2,864,248
2028	14,193
2029	2,984,625
2030	154,363
	$ 42,478,751

The Bank maintains collateralization agreements with certain depositors whose aggregate deposits exceed the federally insured limit. Excess amounts are secured under these agreements by an interest in the Bank's investment instruments, as well as certain guaranteed loans, maintained in a separate third-party custodial account. As part of the collateralization agreement, the Bank agrees to maintain annually the value of the collateral in the custodial account at a minimum level at least equal to 100% of the uninsured portion of these deposits. At June 30, 2025 there were no collateralization agreements. At June 30, 2024, the value of the collateral in the custodial account was approximately $3,042,000, and the portion of these certain deposits in excess of the federal insured limit was approximately $1,408,000.

6. BORROWINGS

The Bank has fixed rate FHLB advances of $19,000,000 and $21,025,000 at June 30, 2025 and 2024, respectively. Interest rates on FHLB advances ranged from 2.72% to 3.93% at June 30, 2025. Pursuant to collateral agreements with the FHLB, advances are collateralized by all stock in the FHLB and qualifying first mortgages. The Bank had excess borrowing capacity of approximately $6,775,000 at June 30, 2025, $200,000 of which was available to be used as overdraft coverage on the Ideal Way account. There were no amounts drawn under this line at June 30, 2025 and 2024.

6. BORROWINGS, CONTINUED

The Bank also has a line of credit with the FRB Borrower-in-Custody Program (the Program). The Program offers overnight collateralized advances secured by certain loan assets. At June 30, 2025 and 2024, the amount of available borrowings was approximately $3,639,000 and $3,302,000, respectively. There were no amounts drawn under this line at June 30, 2025 and 2024.

Scheduled maturities of borrowed funds for the years ending June 30, are as follows:

2026	$ 2,000,000
2027	-
2028	-
2029	7,000,000
2030	-
Thereafter	10,000,000
Total	$ 19,000,000

Certain FHLB advances have call options, which may result in maturities prior to the scheduled maturity dates.

7. INCOME TAXES

Allocation of federal and state income taxes between current and deferred portions is as follows:

	2025	2024
Current tax expense:		
Federal	$ 17,365	13,043
State	9,258	8,205
	26,623	21,248
Deferred federal tax expense (benefit)	3,877	(18,629)
Income tax expense	$ 30,500	2,619

7. INCOME TAXES, CONTINUED

The tax effects of temporary differences that give rise to deferred income tax assets and liabilities are as follows:

	2025	2024
Allowance for credit losses on loans	$ 167,693	182,204
Impairment loss on investments	18,912	18,912
Expense accruals	4,592	7,367
Unrealized loss on investments available-for-sale	503,834	561,760
Other	2,396	1,976
Depreciation	(73,037)	(83,415)
Deferred loan fees	(45,874)	(45,201)
Mortgage servicing rights	(37,188)	(40,472)
	541,328	603,131
Valuation reserve for capital losses	(18,912)	(18,912)
Net deferred tax assets	$ 522,416	584,219

Management assesses the available evidence to estimate whether sufficient future taxable income will be generated to permit the use of the existing deferred tax assets. On the basis of this evaluation, as of June 30, 2025 and 2024, a valuation allowance of $18,912 was recorded for capital losses.

The Bank uses the experience method to calculate its bad debt expense for tax purposes as was permitted by the Internal Revenue Code. The cumulative effect of this deduction of approximately $421,000 is subject to recapture, if used for purposes other than to absorb loan losses. Deferred taxes of $88,000 have not been provided on this amount because the Bank does not intend to use the tax reserve other than to absorb loan losses.

8. COMMITMENTS

Financial instruments with off-balance sheet risk - The Bank is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers and to reduce its own exposure to fluctuations in interest rates. These financial instruments are commitments to extend credit. They involve, to varying degrees, elements of credit and interest-rate risk in excess of the amount recognized in the consolidated financial statements. The contractual amounts of those instruments reflect the extent of involvement the Bank has in particular classes of financial instruments.

8. COMMITMENTS, CONTINUED

The Bank's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for these commitments is represented by the contractual amounts of those instruments. The Bank uses the same credit policies in making commitments as it does for on-balance sheet instruments. Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Certain commitments generally have fixed expiration dates or other termination clauses. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by the Bank upon extension of credit is based on management's credit evaluation of the counterparty. Collateral held varies but may include real estate and personal property.

Loan commitments - At June 30, 2025, the Bank had outstanding commitments for loans and unused lines of credit that are not reflected in the accompanying consolidated financial statements as follows:

	Fixed rate	Variable rate	Total
Commitments to originate loans	$ 2,262,000	300,000	2,562,000
Unadvanced portions of construction loans	3,656,000	-	3,656,000
Unadvanced portions of home equity loans	-	8,489,000	8,489,000
Unadvanced portions of commercial lines of credit	-	2,450,000	2,450,000
	$ 5,918,000	11,239,000	17,157,000

The Bank has sold mortgage loans to the FHLB with a total outstanding balance of approximately $31,114,000 and $30,429,000 at June 30, 2025 and 2024, respectively. Under the terms of the agreement with the FHLB, the Bank has a limited recourse obligation to the FHLB in the event the borrower defaults. The maximum recourse obligation totaled approximately $300,000 and $225,000 at June 30, 2025 and 2024, respectively.

9. LEGAL CONTINGENCIES

Various legal claims arise from time-to-time in the normal course of business which, in the opinion of management, will have no material effect on the Bank's consolidated financial statements.

10. MINIMUM REGULATORY CAPITAL REQUIREMENTS

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

Quantitative measures established by regulation to ensure capital adequacy requires the Bank to maintain minimum amounts and ratios (set forth in the following table) of total, Tier 1 and common equity Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined) and of Tier 1 capital (as defined) to total assets (as defined).

Regulatory capital rules limit a banking organization's capital distributions and certain discretionary bonus payments if the banking organization does not hold a “capital conservation buffer” consisting of 2.5% above its minimum risk-based capital requirements. As of June 30, 2025, the Bank had a capital conservation buffer of 5.18% of risk-weighted assets, which was in excess of the regulatory requirement of 2.5%.

The Bank's actual and minimum capital amounts and ratios at June 30, are as follows:

	Actual		Standard minimum capital requirement		Minimum to be adequately capitalized under prompt corrective action provisions	
2025	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital to risk weighted assets	$ 8,977,000	13.18%	5,448,000	8.00%	6,809,000	10.00%
Tier 1 capital to risk weighted assets	8,164,000	11.99%	4,086,000	6.00%	5,448,000	8.00%
Common equity Tier 1 capital to risk weighted assets	8,164,000	11.99%	3,064,000	4.50%	4,426,000	6.50%
Tier 1 capital to total assets	8,164,000	7.97%	4,100,000	4.00%	5,125,000	5.00%

10. MINIMUM REGULATORY CAPITAL REQUIREMENTS, CONTINUED

	Actual		Standard minimum capital requirement		Minimum to be adequately capitalized under prompt corrective action provisions	
2024	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital to risk weighted assets	$ 8,906,000	13.16%	5,412,000	8.00%	6,765,000	10.00%
Tier 1 capital to risk weighted assets	8,060,000	11.91%	4,059,000	6.00%	5,412,000	8.00%
Common equity Tier 1 capital to risk weighted assets	8,060,000	11.91%	3,044,000	4.50%	4,398,000	6.50%
Tier 1 capital to total assets	8,060,000	7.86%	4,099,000	4.00%	5,124,000	5.00%

11. CONCENTRATIONS OF CREDIT RISK

Financial instruments which could subject the Bank to concentrations of credit risk consist primarily of cash and investments. At times, the Bank maintains cash and investment balances with financial institutions in excess of federally insured amounts.

12. EMPLOYEE BENEFIT PLAN

The Bank has a 401(k) Plan whereby substantially all employees are eligible to participate in the Plan. Employees may contribute up to 100% of their compensation subject to certain limits set by the Internal Revenue Service. The Bank makes matching contributions equal to 100% of the employee's contribution up to 1%, plus 50% on the next 5% of the employee's contribution. Matching contributions are 100% vested. For the years ended June 30, 2025 and 2024, expense attributable to the Plan totaled $29,842 and $40,907, respectively.

13. RELATED PARTY TRANSACTIONS

Related party transactions consist of loan and deposit accounts by the board of directors and senior management. The terms of transactions involving these accounts (i.e. rates charged and paid) are comparable to those of accounts for other customers. Loans to these related parties were approximately $595,000 and $708,000 at June 30, 2025 and 2024, respectively. Deposit accounts held by these related parties were approximately $382,000 and $443,000 at June 30, 2025 and 2024, respectively.

14. FAIR VALUE

Fair value is defined as the price at which an asset could be exchanged or a liability transferred (an exit price) in an orderly transaction between knowledgeable, willing parties in the principal or most advantageous market for the asset or liability. Where available, fair value is based on observable market prices or parameters or derived from such prices or parameters. Where observable prices or inputs are not available, valuation models are applied.

Financial assets recorded at fair value in the accompanying consolidated financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels, defined by U.S. GAAP, and directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities, are as follows:

Level 1 - Inputs are unadjusted, quoted prices in active markets for identical assets at the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - Inputs are other than quoted prices included in Level 1, which are either directly or indirectly observable for the asset or liability through correlation with market data at the reporting date and for the duration of the instrument's anticipated life.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities and which reflect management's best estimate of what market participants would use in pricing the asset or liability at the reporting date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

Assets and liabilities measured at fair value on a recurring basis at June 30, are summarized below:

		Fair value measurements at reporting date using:		
2025	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments available-for-sale	$ 12,720,710	-	12,720,710	-
2024				
Investments available-for-sale	$ 13,795,627	-	13,795,627	-

14. FAIR VALUE, CONTINUED

The fair values of investments available-for-sale are determined using observable inputs by obtaining quoted prices on nationally recognized securities exchanges or matrix pricing, which is a mathematical technique used widely 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.

U.S. GAAP requires disclosure of estimated fair values of all financial instruments where it is practicable to estimate such values. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instrument. The disclosure requirements exclude certain financial instruments and all nonfinancial instruments. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Bank.

The estimated fair values, and related carrying or notional amounts, of the Bank's financial instruments at June 30, are as follows:

			Fair value measurements (in thousands) using:		
2025	Carrying amount	Fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets:					
Cash and cash equivalents	$ 4,159	4,159	4,159	-	-
Investments available-for-sale	12,721	12,721	-	12,721	-
Federal Home Loan Bank stock	861	861	-	861	-
Loans, net	81,637	74,693	-	-	74,693
Accrued interest receivable	349	349	349	-	-
Financial liabilities:					
Deposits	76,928	76,842	-	76,842	-
Federal Home Loan Bank advances	19,000	19,472	-	19,472	-

14. FAIR VALUE, CONTINUED

2024	Carrying amount	Fair value	Fair value measurements (in thousands) using: Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets:					
Cash and cash equivalents	$ 2,968	2,968	2,968	-	-
Investments available-for-sale	13,796	13,796	-	13,796	-
Federal Home Loan Bank stock	921	921	-	921	-
Loans, net	81,277	74,894	-	-	74,894
Accrued interest receivable	360	360	360	-	-
Financial liabilities:					
Deposits	75,015	74,537	-	74,537	-
Federal Home Loan Bank advances	21,025	20,924	-	20,924	-

The Bank’s off-balance-sheet instruments consist of loan commitments. Fair values for loan commitments have not been presented as the future revenue derived from such financial instruments is not significant.

15. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	2025	2024
Cash paid for interest	$ 2,515,128	2,305,554
Cash (received) paid for income taxes	$ (8,109)	35,714

DIRECTORS OF AUBURN BANCORP, INC.
AND
OFFICERS OF AUBURN SAVINGS BANK, FSB

Directors

Heather A. Hunter, Chair
Audit Director, RHR Smith & Co

Thomas J. Dean, Vice Chair
Chief Financial Officer, Futureguard Building Products, Inc.

D. Wesley Haire
Owner, CyberSOLUTIONS

William C. Tracy
President and Chief Executive Officer

Jordan P. Hay
Associate General Counsel, Global Employment Law, American Express Global Business Travel

Erica L. Dostie
Client Relations, & Marketing Manager, Austin Associates, PA

Officers

William C. Tracy, *President & Chief Executive Officer*
Michelle L. Rouleau, *Executive Vice President & Chief Financial Officer*
Melissa M. Record, *Vice President & BSA/Compliance Officer*
Jonathan O. Svor, *Vice President & IT/Security Officer*
Julia M. Rathbun, *Assistant Vice President & Customer Service Manager*

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P.O. Box 43006
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Investor and Shareholder Information
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Corporate Website and Internet Banking
www.auburnsavings.com

Annual Meeting
The Annual Meeting of Shareholders will be held Tuesday, November 18, 2025 at 3:45 p.m., local time, at the Hilton Garden Inn, 14 Great Falls Plaza, Auburn, Maine.