



AUDITED FINANCIAL STATEMENTS

**AS OF AND FOR THE FIFTEEN MONTHS AND YEAR ENDED
DECEMBER 31, 2024 AND SEPTEMBER 30, 2023**

Contents

Independent Auditors' Report	1
<hr/>	
Financial Statements	
Consolidated balance sheets	F-3
Consolidated statements of operations	F-4
Consolidated statements of comprehensive income (loss)	F-5
Consolidated statements of changes in stockholders' equity	F-6
Consolidated statements of cash flows	F-7
Notes to consolidated financial statements	F-9



INDEPENDENT AUDITORS' REPORT

Board of Directors and Stockholders
Westbury Bancorp, Inc. and Subsidiary
Pewaukee, Wisconsin

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Westbury Bancorp, Inc. and Subsidiary (Westbury Bancorp, Inc.), which comprise the consolidated balance sheets as of December 31, 2024 and September 30, 2023, and the related consolidated statements of operations, comprehensive income, changes in stockholders' equity, and cash flows for the period October 1, 2023 through December 31, 2024 and the year ended September 30, 2023, 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 Westbury Bancorp, Inc. and Subsidiary as of December 31, 2024 and September 30, 2023, and the results of their operations and their cash flows for the period October 1, 2023 through December 31, 2024 and the year ended September 30, 2023 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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Westbury Bancorp, Inc. and Subsidiary 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 consolidated financial statements, effective October 1, 2023, Westbury Bancorp, Inc. and Subsidiary adopted new accounting guidance for the measurement of credit losses on financial instruments. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Westbury Bancorp, Inc. and Subsidiary's ability to continue as a going concern for one year after the date 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

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



CliftonLarsonAllen LLP

Milwaukee, Wisconsin
April 1, 2025

Westbury Bancorp, Inc. and Subsidiary

Consolidated Balance Sheets

December 31, 2024 and September 30, 2023

(Dollars in Thousands, except per share data)

	December 31, 2024	September 30, 2023
Assets		
Cash and due from banks	\$ 11,086	\$ 11,648
Interest-earning deposits	52,570	7,340
Cash and cash equivalents	63,656	18,988
Securities available-for-sale	97,840	119,983
Securities held to maturity, at amortized cost (\$1,324 and \$1,572 fair value at December 31, 2024 and September 30, 2023, respectively)	1,371	1,570
Loans held for sale, at lower of cost or fair value	709	601
Loans, net of allowance for credit losses of \$6,093 and \$6,577 at December 31, 2024 and September 30, 2023, respectively)	608,786	675,250
Federal Home Loan Bank stock, at cost	1,755	1,626
Office properties and equipment, net	16,618	18,754
Cash surrender value of life insurance	16,540	15,981
Mortgage servicing rights	—	108
Net income taxes receivable	3,736	6,070
Other assets	5,436	5,362
Total assets	\$ 816,447	\$ 864,293
Liabilities and Stockholders' Equity		
Liabilities		
Deposits	\$ 729,728	\$ 729,036
Short-term advances from Federal Home Loan Bank	—	50,000
Bank debt	12,500	13,950
Advance payments by borrowers for property taxes and insurance	37	2,889
Other liabilities	4,771	6,238
Total liabilities	747,036	802,113
Commitments and Contingencies (Notes 7, 9, 14, 16 and 17)		
Stockholders' Equity		
Preferred stock \$0.01 par value, 50,000,000 shares authorized; none issued or outstanding	—	—
Common stock \$0.01 par value, 100,000,000 shares authorized; 5,867,540 and 5,685,981 shares issued at December 31, 2024 and September 30, 2023, respectively	58	56
Additional paid-in capital	68,507	64,998
Retained earnings	107,955	99,164
Accumulated other comprehensive loss	(11,046)	(15,121)
Less common stock repurchased, 4,199,893 and 3,889,077 shares at cost, at December 31, 2024 and September 30, 2023, respectively	(96,063)	(86,917)
Total stockholders' equity	69,411	62,180
Total liabilities and stockholders' equity	\$ 816,447	\$ 864,293

See Notes to Consolidated Financial Statements.

Westbury Bancorp, Inc. and Subsidiary

Consolidated Statements of Operations

Fifteen Months and Year Ended December 31, 2024 and September 30, 2023, respectively

(Dollars in Thousands, except per share data)

	December 31, 2024	September 30, 2023
Interest and dividend income:		
Loans	\$ 40,257	\$ 31,156
Investments - nontaxable	355	327
Investments - taxable	1,950	2,345
Interest bearing deposits	1,486	522
Total interest and dividend income	44,048	34,350
Interest expense:		
Deposits	8,071	2,693
Short-term advances from the Federal Home Loan Bank	1,250	1,065
Bank debt	970	447
Total interest expense	10,291	4,205
Net interest income before provision for credit losses	33,757	30,145
Provision for credit losses	180	—
Net interest income after provision for credit losses	33,577	30,145
Non-interest income:		
Service fees on deposit accounts	4,515	3,854
Gain (loss) on sales of loans, net	354	(41)
Servicing fee income, net of amortization	(33)	20
Loss on sales of securities	(927)	(892)
(Loss) gain on sales of other assets	(947)	6
Increase in cash surrender value of life insurance	559	437
Rental income from real estate operations	617	440
Net proceeds from life insurance claims	—	652
Other income	1,488	459
Total non-interest income	5,626	4,935
Non-interest expense:		
Compensation and employee benefits	15,973	11,658
Occupancy, furniture and equipment	3,092	2,499
Data processing	4,286	3,545
Accounting, legal and other professional fees	838	743
FDIC insurance premiums	461	492
Other expenses	3,892	2,927
Total non-interest expense	28,542	21,864
Income before income tax expense	10,661	13,216
Income tax expense	1,863	5,050
Net income	\$ 8,798	\$ 8,166
Earnings per share:		
Basic	\$ 5.15	\$ 3.88
Diluted	\$ 4.91	\$ 3.72

See Notes to Consolidated Financial Statements.

Westbury Bancorp, Inc. and Subsidiary

Consolidated Statements of Comprehensive Income (Loss)

Fifteen Months and Year Ended December 31, 2024 and September 30, 2023, respectively

(Dollars in Thousands)

	December 31, 2024	September 30, 2023
Net income	\$ 8,798	\$ 8,166
Other comprehensive income, before tax:		
Unrealized gain on available-for-sale securities	5,608	1,498
Reclassification adjustment for realized losses included in net income	927	892
Other comprehensive income, before tax	<u>6,535</u>	<u>2,390</u>
Income tax expense related to items of other comprehensive income	<u>(2,460)</u>	<u>(1,269)</u>
Other comprehensive income, net of tax	<u>4,075</u>	<u>1,121</u>
Comprehensive income	<u><u>\$ 12,873</u></u>	<u><u>\$ 9,287</u></u>

See Notes to Consolidated Financial Statements.

Westbury Bancorp, Inc. and Subsidiary

Consolidated Statements of Changes in Stockholders' Equity
Fifteen Months and Year Ended December 31, 2024 and September 30, 2023, respectively
(Dollars in Thousands, except per share data)

	<u>Preferred Stock</u>	<u>Common Stock</u>	<u>Additional Paid In Capital</u>	<u>Retained Earnings</u>	<u>Unearned ESOP Shares</u>	<u>Accumulated Other Comprehensive Income(Loss)</u>	<u>Treasury Stock</u>	<u>Total</u>
Balance, September 30, 2022	\$ —	\$ 55	\$ 62,847	\$ 90,998	\$ (45)	\$ (16,242)	\$ (66,307)	\$ 71,306
Net income				8,166				8,166
Other comprehensive income, net of tax						1,121		1,121
Repurchase of 771,480 shares of common stock							(20,610)	(20,610)
Exercise of 87,183 stock options		1	1,475					1,476
Stock based compensation expense			597					597
Allocation of 4,518 shares by ESOP			79		45			124
Balance, September 30, 2023	—	56	64,998	99,164	—	(15,121)	(86,917)	62,180
Net income				8,791				8,791
Other comprehensive income, net of tax						4,075		4,075
Repurchase of 310,816 shares of common stock							(9,146)	(9,146)
Exercise of 147,059 stock options		2	2,583					2,585
Stock based compensation expense			926					926
Balance, December 31, 2024	<u>\$ —</u>	<u>\$ 58</u>	<u>\$ 68,507</u>	<u>\$ 107,955</u>	<u>\$ —</u>	<u>\$ (11,046)</u>	<u>\$ (96,063)</u>	<u>\$ 69,411</u>

See Notes to Consolidated Financial Statements.

Westbury Bancorp, Inc. and Subsidiary

Consolidated Statements of Cash Flows

Fifteen Months and Year Ended December 31, 2024 and September 30, 2023, respectively

(Dollars in Thousands)

	December 31, 2024	September 30, 2023
Cash Flows From Operating Activities		
Net income	\$ 8,798	\$ 8,166
Adjustments to reconcile net income to cash provided by operating activities:		
Provision for credit losses	180	—
Depreciation and amortization	1,530	1,234
Proceeds of life insurance claims	—	926
Net amortization of securities premiums and discounts	943	1,079
Loss on sale of mortgage servicing rights	61	—
Amortization and impairment of mortgage servicing rights	—	28
Loss on sales of available-for-sale securities	927	892
Loss on sales of office properties and equipment	947	—
Loans originated for sale	(22,220)	(16,756)
Proceeds from sale of loans	22,466	16,449
(Gain) loss on sale of loans, net	(354)	41
ESOP compensation expense	—	124
Stock based compensation expense	759	597
Deferred income taxes	803	977
Increase in cash surrender value of life insurance	(559)	(437)
Net change in:		
Other assets	(51)	22
Other liabilities and advance payments by borrowers for property taxes and insurance	(4,318)	(258)
Net cash provided by operating activities	9,912	13,084
Cash Flows From Investing Activities		
Purchases of securities available-for-sale	(212)	—
Purchases of securities held-to-maturity	—	—
Proceeds from sales of securities available-for-sale	15,666	18,213
Proceeds from maturities, prepayments, and calls of securities available-for-sale	10,421	15,575
Proceeds from maturities, prepayments, and calls of securities held-to-maturity	196	193
Sale of mortgage servicing rights	47	—
Purchase of FHLB stock	(129)	(92)
Net decrease in loans	66,284	38,139
Proceeds from sales of office properties and equipment	876	—
Purchases of office properties and equipment	(1,240)	(514)
Net cash provided by investing activities	91,909	71,514

Westbury Bancorp, Inc. and Subsidiary

Consolidated Statements of Cash Flows

Fifteen Months Ended December 31, 2024 and Year Ended September 30, 2023, respectively

(Dollars in Thousands)

Continued

	December 31, 2024	September 30, 2023
Cash Flows From Financing Activities		
Net increase (decrease) in deposits	692	(143,632)
Net advances (payments) on short-term Federal Home Loan Bank advances	(50,000)	50,000
Net proceeds from (payment on) bank term debt	(1,450)	9,379
Proceeds from exercise of stock options	2,751	1,477
Repurchase of common stock	(9,146)	(20,610)
Net cash used in financing activities	<u>(57,153)</u>	<u>(103,386)</u>
Net increase (decrease) in cash and cash equivalents	44,668	(18,788)
Cash and cash equivalents at beginning of period	<u>18,988</u>	<u>37,776</u>
Cash and cash equivalents at end of period	<u>\$ 63,656</u>	<u>\$ 18,988</u>
Supplemental Disclosures of Cash Flow Information		
Interest paid (including amounts credited to deposits)	\$ 10,315	\$ 4,194

See Notes to Consolidated Financial Statements.

Westbury Bancorp, Inc. and Subsidiary
Notes to Consolidated Financial Statements
Dollars in Thousands

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

Nature of operations: Westbury Bancorp, Inc. (the "Company") is a Maryland bank holding company headquartered in Pewaukee, Wisconsin and provides a variety of financial services to individuals and small businesses throughout Southeastern Wisconsin. The Company owns 100% of the stock of Westbury Bank (the "Bank"). The Bank's primary deposit products are checking, savings, money market and term certificate accounts and its primary lending products are commercial, residential mortgage and consumer loans. The Bank is subject to competition from other financial institutions and non-financial institutions providing financial products. Additionally, the Company and the Bank are subject to the regulations of certain regulatory agencies and undergo periodic examination by those regulatory agencies.

Organization and principles of consolidation: The consolidated financial statements include the accounts of the Company and the Bank. The financial statements of the Bank include the accounts of one wholly-owned limited liability company (LLC) formed to own certain of the Bank's foreclosed properties. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of estimates: In preparing the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP), management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for credit losses and the valuation of deferred tax assets.

Fiscal year change: During the current year, the Company decided to change its fiscal year end from September 30 to December 31. As a result, the statements of operations and cash flows are presented for fifteen months for the period ending December 31, 2024.

Cash and cash equivalents: For purposes of the consolidated statements of cash flows, cash and cash equivalents include cash, due from banks, and interest-bearing deposits.

The Company maintains amounts due from banks that, at times, may exceed federally insured limits. Management monitors these correspondent relationships and has historically experienced no losses. Accordingly, in the opinion of management, no material risk of loss exists.

Securities: Unless classified as "held-to-maturity", all securities are classified as "available-for-sale" and recorded at fair value, with unrealized gains and losses excluded from earnings and reported in accumulated other comprehensive income, net of the related deferred tax effect. Securities are classified as "held-to-maturity" and recorded at amortized cost when management has the ability and intent to hold the securities to maturity.

Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities.

Effective October 1, 2023, with the adoption of ASC 326, for available for sale debt securities in an unrealized loss position, the Company first assesses whether it intends to sell, or it is more likely than not that it will be required to sell the security before recovery of its amortized cost basis. If either of these criteria are met, the security's amortized cost basis is written down to fair value through the income statement. If these criteria are not met, the Company evaluates whether the decline in value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes in the underlying credit rating of the security, and adverse conditions specifically related to the security. If it is determined 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, which is limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized as a component of other comprehensive income. Changes in the allowance for credit losses are recorded as a provision for credit loss. Prior to adoption of ASC 326, the Company used an other than temporary impairment model.

Westbury Bancorp, Inc. and Subsidiary
Notes to Consolidated Financial Statements
Dollars in Thousands

Effective October 1, 2023, with the adoption of ASC 326, for held to maturity debt securities, management measures expected credit losses on a collective basis by major security type. Prior to the adoption of ASC 326, the Company used an other than temporary impairment model.

Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Loans held for sale: Loans held for sale are recorded at the lower of cost or fair value as determined on an aggregate basis. Fees received from the borrower and the direct costs of loan originations are deferred and recorded as an adjustment to the sales price, when such loans are sold.

Loans: The Company grants commercial, mortgage and consumer loans to customers principally located in Southeastern Wisconsin. The ability of the Company's loan customers to meet the terms of their loans is dependent upon the general economic conditions in this area and real estate values.

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are generally reported at their outstanding unpaid principal balances adjusted for charge-offs, the allowance for credit losses, and deferred loan fees or costs on an originated basis. Interest income is accrued on the unpaid principal balance. Loan origination and commitment fees and certain direct loan origination costs on loans receivable are deferred, and the net amounts amortized as an adjustment of the related loan's yield. These amounts are amortized, using the level-yield method, over the contractual life of the related loans. Unamortized deferred amounts are included in interest income upon repayment or sale of the related loan.

The accrual of interest on loans is discontinued at the time the loan is ninety days delinquent, unless the loan is well-secured and in the process of collection. Past due status is based on the contractual terms of the loan. In all cases, loans are placed on nonaccrual status or charged-off at an earlier date if collection of principal or interest is considered doubtful. All interest accrued but not collected for loans that are placed on nonaccrual status or charged-off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for credit losses on loans: The allowance for credit losses on loans is a valuation account that is deducted from the amortized cost basis of loans to present the net amount expected to be collected. The allowance for credit losses on loans is determined using an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. The allowance for credit losses on loans is adjusted through the provision for credit losses to the amount of amortized cost basis not expected to be collected at the balance sheet date. Loan losses are charged off against the allowance for credit losses on loans when the Company determines the loan balance to be uncollectible.

The measurement of expected credit losses encompasses information about historical events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Qualitative adjustments to historical loss information are made for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix or delinquencies, as well as for changes in environmental conditions, such as changes in unemployment rates, property values or other relevant factors.

Expected credit losses are estimated on a collective basis for groups of loans that share similar risk characteristics. Factors that may be considered in aggregating loans for this purpose include but are not necessarily limited to, product or collateral type, geography and internal risk ratings. For loans that do not share similar risk characteristics with other loans such as collateral dependent loans, expected credit losses are determined on an individual basis.

Expected credit losses are estimated over the contractual terms of the loans, adjusted for expected prepayments. The contractual term excludes expected extensions, renewals and modifications unless the extension or renewal options are included in the original or modified contract at the reporting date and are not unconditionally cancellable by the Company.

The allowance for credit losses on loans estimate incorporates a reasonable and supportable economic forecast through the use of externally developed macroeconomic scenarios applied in the model. The model includes both current and forecasted unemployment rates. The length of the reasonable and supportable forecast period is evaluated at each reporting period and adjusted if deemed necessary. Currently, the Company uses a one year reasonable and supportable forecast period in estimating

Westbury Bancorp, Inc. and Subsidiary
Notes to Consolidated Financial Statements
Dollars in Thousands

the allowance for credit losses on loans. After the reasonable and supportable forecast period, the model effectively reverts to long-term mean loss on a straight-line basis over twelve months.

Loans are charged off against the allowance for credit losses on loans in the period in which they are deemed uncollectible and recoveries are credited to the allowance for credit losses on loans when received. Expected recoveries on loans previously charged off and expected to be charged off are included in the allowance for credit losses on loans estimate. Once a loan is downgraded to Substandard, an assessment of collateral value is made; any outstanding loan balance in excess of fair value less cost to sell is charged off at no later than 180 days of delinquency. Additionally, any outstanding balance in excess of fair value of collateral less cost to sell is charged off when the asset is foreclosed by the Company. Commercial and other consumer loans are charged off when, in management's judgment, they are considered to be uncollectible.

The weighted average remaining maturity ("WARM") method is used for each of the loan categories. The WARM method considers an estimate of expected credit losses over the remaining life of the financial assets and uses average annual charge-off rates to estimate the allowance for credit losses. For amortizing assets, the remaining contractual life is adjusted by the expected scheduled payments and prepayments. The average annual charge-off rate is applied to the amortization-adjusted remaining life to determine the unadjusted lifetime historical charge-off rate.

To estimate a CECL loss rate for the pool, management first identifies the loan losses recognized between the pool date and the reporting date for the pool and determines which loan losses were related to loans outstanding at the pool date. The loss rate method then divides the loan losses recognized on loans outstanding as of the pool date by the outstanding loan balance as of the pool date.

The Company's expected loss estimate is anchored in historical credit loss experience, with an emphasis on all available portfolio data. The Company's historical look-back period includes October 2016 through the current period, on an annual basis. When historical loss experience is not sufficient for a specific portfolio, the Company may supplement its own portfolio data with external models or data.

Qualitative reserves reflect management's overall estimate of the extent to which current expected credit losses on collectively evaluated loans will differ from historical loss experience. The analysis takes into consideration other analytics performed within the Company, such as enterprise and concentration management, along with other credit-related analytics as deemed appropriate. Management attempts to quantify qualitative reserves whenever possible. The CECL methodology applied focuses on evaluation of qualitative and environmental factors, including, but not limited to: (i) evaluation of facts and issues related to specific loans; (ii) management's ongoing review and grading of the loan portfolio; (iii) consideration of historical loan loss and delinquency experience on each portfolio segment; (iv) trends in past due and nonperforming loans; (v) the risk characteristics of the various loan segments; (vi) changes in the size and character of the portfolio; (vii) existing economic conditions; (viii) concentrations of loans to specific borrowers or industries; (ix) the fair value of underlying collateral; and (x) other qualitative and quantitative factors which could affect expected credit losses.

The Company's CECL estimate applies a forecast that incorporates macroeconomic trends and other environmental factors. Management utilized national, regional and local leading economic indexes, as well as management judgment, as the basis for the forecast period. The historical loss rate was utilized as the base rate, and qualitative adjustments were utilized to reflect the forecast and other relevant factors.

The Company also considers qualitative adjustments to the quantitative baseline. For example, the Company considers the impact of current environmental factors at the reporting date that did not exist over the period from which historical experience was used. Relevant factors include, but are not limited to, concentrations of credit risk (geographic, large borrower and industry), economic trends and conditions, changes in underwriting standards, experience and depth of lending staff, trends in delinquencies and the level of criticized loans.

The Company establishes a specific reserve for individually evaluated loans which do not share similar risk characteristics with the loans evaluated using a collective or pooled basis. These individually evaluated loans are removed from the pooling approach discussed above for the quantitative baseline, and include non-accrual loans and other loans as deemed appropriate by management.

Westbury Bancorp, Inc. and Subsidiary
Notes to Consolidated Financial Statements
Dollars in Thousands

Although management believes the allowance for credit losses on loans to be adequate, ultimate losses may vary from its estimates. At least quarterly, the board of directors evaluates the adequacy of the allowance for credit losses on loans, including consideration of the relevant risks in the portfolio, current economic conditions, and other factors.

Federal Home Loan Bank stock: Federal Home Loan Bank (FHLB) stock consists of the Company's required investment in the capital stock of the FHLB. No ready market exists for these securities and they have no quoted market value; as such the stock is carried at cost. Management reviews FHLB stock for impairment based on the ultimate recoverability of the cost basis in the FHLB stock, and no impairment has been identified as a result of these reviews.

Foreclosed real estate: Real estate acquired by foreclosure or by deed in lieu of foreclosure is initially recorded at fair value less cost to sell at the date of foreclosure, establishing a new cost basis. Costs relating to the development and improvement of property are capitalized; holding costs are charged to expense. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of their carrying amount or fair value less cost to sell. Revenues and expenses from operations and changes in the valuation allowance are included in net expenses from foreclosed real estate.

Real estate held for investment/sale: Real estate held for investment consists of rental properties. Rental properties are carried at the lower of cost less provisions for depreciation computed by the straight-line method over the estimated life of the property, or fair value less costs to sell. Rental revenue is recognized on a straight-line basis over the term of the lease unless another systemic and rational basis is more representative of the time pattern in which the use benefit is derived from the leased property. The difference between rental income earned on a straight-line basis and the cash rent due under provisions of the lease agreements is recorded as deferred rent receivable and is included as a component of other assets in the accompanying consolidated balance sheets.

A property is considered held for sale when a contract for sale is entered into or when management has committed to a plan to sell an asset, the asset is actively marketed, and sale is expected to occur within one year. Property reported as held for sale is reported at the lower of the carrying amount or fair value less costs to sell and is not depreciated.

The Company evaluates the carrying value of all real estate held when an indicator of impairment is deemed to exist. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount which the carrying amount of the asset exceeds the fair value of the asset.

Office properties and equipment: Office properties including equipment are stated at cost less accumulated depreciation, and include expenditures for new facilities and items that substantially increase the useful lives of existing buildings and equipment. Expenditures for normal repairs and maintenance are charged to expense as incurred. When properties are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded.

Cash surrender value of life insurance: The Company has purchased bank-owned life insurance policies on certain executives. Bank-owned life insurance is recorded at its cash surrender value. Changes in the cash surrender values are included in non-interest income.

Mortgage servicing rights: Mortgage servicing rights (MSRs) are initially recognized at fair value when loans have been sold to investors and are amortized over the lives of the loans. Upon sale of loans with servicing retained, the servicing rights are recorded at fair value and remaining proceeds received are allocated to the loan. Amortization of MSRs is based on the ratio of net servicing income received in the current period, to total remaining net servicing income projected to be realized from the MSRs. MSRs are periodically assessed for impairment, which is calculated using estimated net cash flow analysis on a discounted basis. Impairment is recognized in the statement of income, during the period in which it occurs, as an adjustment to the corresponding valuation allowance. For purposes of performing an impairment evaluation, the serviced loan portfolio is stratified on the basis of certain risk characteristics including loan type (i.e., fixed or adjustable interest rates).

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

Westbury Bancorp, Inc. and Subsidiary
Notes to Consolidated Financial Statements
Dollars in Thousands

through an agreement to repurchase them before their maturity or the ability to unilaterally cause the holder to return specific assets.

The transfer of a participating interest in an entire financial asset must also meet the definition of a participating interest. A participating interest in a financial asset has all of the following characteristics: (1) from the date of the transfer, it must represent a proportionate (pro rata) ownership in the financial asset, (2) from the date of transfer, all cash flows received, except any cash flows allocated as any compensation for servicing or other services performed, must be divided proportionately among participating interest holders in the amount equal to their share ownership, (3) the rights of each participating interest holder must have the same priority, and (4) no party has the right to pledge or exchange the entire financial asset unless all participating interest holders agree to do so.

Employee stock ownership plan: The Company has an employee stock ownership plan (ESOP) covering substantially all employees. The cost of shares issued to the ESOP but not yet allocated to participants is presented in the consolidated balance sheets as a reduction of stockholders' equity. Compensation expense is recorded based on the market price of the shares as they are committed to be released for allocation to participant accounts.

Stock-based compensation: The Company accounts for its equity awards in accordance with ASC Topic 718. ASC Topic 718 requires public companies to recognize compensation expense related to stock-based equity awards in their income statements. See Note 12 below for more information.

Leases: Lessor costs such as property taxes, insurance and maintenance paid directly by a lessee to third parties on the lessor's behalf are excluded from variable lease payments. Reimbursements paid by lessees to the Company are included in variable lease payments.

The Company has elected to apply the practical expedient to combine lease and non-lease components identified in lease contracts. Revenue from lease payments includes consideration received for common area maintenance services provided by the Company.

Income taxes: The Company, the Bank, and its subsidiaries file consolidated federal income tax returns and combined state income tax returns. Accordingly, amounts equal to tax benefits of those companies having taxable federal losses or credits are reimbursed by the other companies that incur tax liabilities.

Deferred income taxes are provided using the liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of the changes in tax laws and rates as of the date of enactment.

The Company accounts for uncertainty in income taxes to determine whether tax benefits claimed or expected to be claimed on a tax return, should be recorded in the consolidated financial statements. The Company may recognize the tax benefit for an uncertain tax position if it is more-likely-than-not that the tax position will be sustained upon examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being utilized upon ultimate settlement.

It is the Company's policy that interest and penalties associated with unrecognized tax benefits are classified as additional income taxes in the statement of operations.

Derivative financial instruments and hedging activities: All derivatives are recognized in the consolidated balance sheets at their fair value. Derivative contracts are maintained related to commitments to fund residential mortgages (interest rate locks) in connection with residential mortgages intended for sale. Such commitments are recorded at fair value in other assets or liabilities, with changes in fair value recorded in net gain or loss on sale of mortgage loans. Fair value is based on fees currently charged to enter into similar agreements and, for fixed rate commitments, also considers the committed rates and current levels of interest rates.

Westbury Bancorp, Inc. and Subsidiary
Notes to Consolidated Financial Statements
Dollars in Thousands

Comprehensive income: Comprehensive income consists of net income and other comprehensive income. Other comprehensive income includes unrealized gains and losses on securities available-for-sale, which are also recognized as separate components of equity.

Reclassification: Certain amounts in the 2023 consolidated financial statements have been reclassified to conform to the 2024 presentation. These reclassifications had no effect on net income or stockholders' equity.

Segment reporting: The Company views the Bank as one operating segment, therefore, separate reporting of financial segment information is not considered necessary. The Company approaches the Bank and its other subsidiaries as one business enterprise, which operates in a single economic environment, since the products and services, types of customers and regulatory environment all have similar characteristics.

Recent accounting pronouncements: On October 1, 2024, the Company adopted ASU 2016-03, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which replaces the incurred loss methodology with an expected loss methodology that is referred to as CECL. The measurement of expected credit losses under CECL is applicable to financial assets measured at amortized cost, including loans receivable and held to maturity securities. It also applies to off-balance sheet credit exposures such as loan commitments and standby letters of credit. In addition, changes were made to the accounting for available for sale securities, which requires credit losses to be presented as an allowance rather than as a direct write-down of the available for sale securities when management does not intend to sell or believes it is more likely than not that they will be required to sell.

The Company adopted the standard using the modified retrospective method for all financial assets measured at amortized cost and for all off-balance sheet exposures. Results for annual periods beginning after October 1, 2023 are presented under the new CECL methodology while prior reporting periods continue to be reported in accordance with previously applicable GAAP. The Company recorded no adjustment to retained earnings as a result of adopting the standard.

On March 31, 2022, FASB issued ASU 2022-22, *Financial Instruments - Credit Losses (Topic 326) Troubled Debt Restructurings and Vintage Disclosures*, which eliminates the troubled debt restructuring ("TDR") accounting model for creditors that have adopted Topic 326, *Financial Instruments - Credit Losses*. In addition, on a prospective basis, entities will be subject to new disclosure requirements covering modifications of receivables from borrowers experiencing financial difficulty. Upon adoption of this guidance, the Company no longer establishes a specific reserve for modifications made after October 1, 2023 to borrowers experiencing financial difficulty. Instead, these modifications are included in their specific loan segment in the allowance for credit losses on loans. The Company has adopted ASU 2022-22 effective on October 1, 2023. The adoption of this standard did not have a material effect on the Company's operating results or financial condition.

Prior to the adoption of ASU 2016-03, the Company used an incurred loss model to measure the allowance for loan losses.

Note 2. Cash and Due from Banks

The Bank may be required to maintain average balances on hand or with the Federal Reserve Bank, based upon a percentage of certain deposits. These required reserve balances were zero at both December 31, 2024 and September 30, 2023.

Note 3. Investment Securities

The amortized costs and fair values of investment securities are summarized as follows:

Westbury Bancorp, Inc. and Subsidiary
Notes to Consolidated Financial Statements
Dollars in Thousands

	December 31, 2024			
	Amortized Cost	Gross		Fair Value
		Unrealized Gains	Unrealized Losses	
Available for Sale				
U.S. Government and agency securities	\$ 4,000	\$ —	\$ (387)	\$ 3,613
U.S. Government agency residential mortgage-backed securities	27,369	—	(4,229)	23,140
U.S. Government agency collateralized mortgage obligations	6,792	—	(1,304)	5,488
U.S. Government agency commercial mortgage-backed securities	41,023	—	(4,536)	36,487
U.S. Government agency commercial mortgage-backed securities - tax exempt	—	—	—	—
U.S. Government agency asset backed securities	18,249	—	(2,924)	15,325
Municipal securities-tax exempt	13,106	—	(1,516)	11,590
Municipal securities-taxable	1,982	—	(260)	1,722
Corporate bonds	500	—	(25)	475
Total Available for Sale	113,021	—	(15,181)	97,840
Held to Maturity				
Municipal securities	851	—	(6)	845
Corporate bonds	520	—	(41)	480
Total Held to Maturity	1,371	—	(47)	1,324
Total Investment Securities	\$ 114,392	\$ —	\$ (15,228)	\$ 99,164
	September 30, 2023			
	Amortized Cost	Gross		Fair Value
		Unrealized Gains	Unrealized Losses	
Available for Sale				
U.S. Government and agency securities	\$ 5,950	\$ —	\$ (773)	\$ 5,177
U.S. Government agency residential mortgage-backed securities	31,305	—	(5,396)	25,909
U.S. Government agency collateralized mortgage obligations	7,692	—	(1,418)	6,274
U.S. Government agency commercial mortgage-backed securities	49,078	—	(6,362)	42,716
U.S. Government agency commercial mortgage-backed securities - tax exempt	2,774	24	—	2,798
U.S. Government agency asset backed securities	20,483	—	(3,613)	16,870
Municipal securities-tax exempt	16,077	—	(2,373)	13,704
Municipal securities-taxable	3,844	—	(458)	3,386
Corporate bonds	3,569	—	(420)	3,149
Total Available for Sale	140,772	24	(20,813)	119,983
Held to Maturity				
Municipal securities	1,047	4	(2)	1,049
Corporate bonds	523	—	—	523
Total Held to Maturity	1,570	4	(2)	1,572
Total Investment Securities	\$ 142,342	\$ 28	\$ (20,815)	\$ 121,555

Westbury Bancorp, Inc. and Subsidiary
Notes to Consolidated Financial Statements
Dollars in Thousands

The amortized cost and fair value of investment securities, by contractual maturity at December 31, 2024, are shown in the following table. Actual maturities differ from contractual maturities for mortgage-backed securities and collateralized mortgage obligations because the mortgages underlying the securities may be called or repaid without penalty. Therefore, these securities are not presented in the maturity categories in the table below.

	December 31, 2024	
	Amortized Cost	Fair Value
Available for sale:		
Due in one year or less	\$ —	\$ —
Due after one year through five years	5,130	4,820
Due after five years through ten years	7,303	6,385
Due after ten years	7,155	6,195
U.S. Government agency collateralized mortgage obligations	6,792	5,488
U.S. Government agency residential mortgage-backed securities	27,369	23,140
U.S. Government agency commercial mortgage-backed securities	41,023	36,487
U.S. Government agency asset backed securities	18,249	15,325
	\$ 113,021	\$ 97,840
Held to maturity:		
Due in one year or less	202	201
Due after one year through five years	649	643
Due after five years through ten years	520	480
	1,371	1,324
Total	\$ 114,392	\$ 99,164

Proceeds from sales of securities available-for-sale during the fifteen months and year ended December 31, 2024 and September 30, 2023 were \$15,666 and \$18,213, respectively. Gross realized gains, during the fifteen months and year ended December 31, 2024 and September 30, 2023, on these sales amounted to \$27 and \$0, respectively. Gross realized losses on these sales were \$954 and \$892 during the fifteen months and year ended December 31, 2024 and September 30, 2023, respectively.

Securities with carrying values of \$22,975 and \$10,594 at December 31, 2024 and September 30, 2023, respectively, were pledged for purposes required or permitted by law.

Westbury Bancorp, Inc. and Subsidiary
Notes to Consolidated Financial Statements
Dollars in Thousands

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

	December 31, 2024					
	Less than 12 Months		12 Months or Longer		Total	
	Fair	Unrealized	Fair	Unrealized	Fair	Unrealized
	Value	Loss	Value	Loss	Value	Loss
U.S. Government and agency securities	\$ —	\$ —	\$ 3,613	\$ (387)	\$ 3,613	\$ (387)
U.S. Government agency residential mortgage-backed securities	—	—	23,140	(4,229)	23,140	(4,229)
U.S. Government agency collateralized mortgage obligations	—	—	5,488	(1,304)	5,488	(1,304)
U.S. Government agency commercial mortgage-backed securities	2,437	(118)	34,050	(4,418)	36,487	(4,536)
U.S. Government agency asset-backed securities	—	—	15,325	(2,924)	15,325	(2,924)
Municipal securities-tax exempt	—	—	11,590	(1,516)	11,590	(1,516)
Municipal securities-taxable	—	—	1,722	(260)	1,722	(260)
Corporate securities	—	—	475	(25)	475	(25)
	<u>\$ 2,437</u>	<u>\$ (118)</u>	<u>\$ 95,403</u>	<u>\$ (15,063)</u>	<u>\$ 97,840</u>	<u>\$ (15,181)</u>

	September 30, 2023					
	Less than 12 Months		12 Months or Longer		Total	
	Fair	Unrealized	Fair	Unrealized	Fair	Unrealized
	Value	Loss	Value	Loss	Value	Loss
U.S. Government and agency securities	\$ —	\$ —	\$ 5,177	\$ (773)	\$ 5,177	\$ (773)
U.S. Government agency residential mortgage-backed securities	—	—	25,909	(5,396)	25,909	(5,396)
U.S. Government agency collateralized mortgage obligations	—	—	6,274	(1,418)	6,274	(1,418)
U.S. Government agency commercial mortgage-backed securities	—	—	42,716	(6,362)	42,716	(6,362)
U.S. Government agency asset-backed securities	—	—	16,870	(3,613)	16,870	(3,613)
Municipal securities-tax exempt	—	—	13,704	(2,373)	13,704	(2,373)
Municipal securities-taxable	—	—	3,386	(458)	3,386	(458)
Corporate securities	—	—	3,149	(420)	3,149	(420)
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 117,185</u>	<u>\$ (20,813)</u>	<u>\$ 117,185</u>	<u>\$ (20,813)</u>

The Company does not believe that the available for sale securities that were in an unrealized loss position as of December 31, 2024, which were comprised of 129 securities, represent a credit loss impairment. The gross unrealized loss positions were primarily related to securities issued by the U.S. government or U.S. government-sponsored enterprises. These securities carry the explicit and/or implicit guarantee of the U.S. government and have a long history of zero credit loss. Total gross unrealized losses were primarily attributable to changes in interest rates, relative to when the investment securities were purchased, and not due to the credit quality of the investment securities. The Company does not intend to sell these investment securities that were in an unrealized loss position and it is not more likely than not that the Company will be required to sell these investment securities before recovery of their amortized cost basis, which may be at maturity.

Westbury Bancorp, Inc. and Subsidiary
Notes to Consolidated Financial Statements
Dollars in Thousands

Note 4. Loans

A summary of the balances of loans follows:

	December 31, 2024	September 30, 2023
Real Estate:		
Single family	\$ 101,257	\$ 115,610
Multifamily	193,510	229,095
Commercial real estate non-owner occupied	102,447	110,054
Commercial real estate owner occupied	95,367	103,935
Construction and land development	6,829	15,713
Total Real Estate	499,410	574,407
Commercial Business	93,326	93,411
Consumer and Other:		
Home equity lines of credit	21,273	13,764
Other	885	373
Total Consumer	22,158	14,137
Total Loans	614,894	681,955
Less:		
Net deferred loan fees	14	128
Allowance for credit losses	6,094	6,577
Net Loans	\$ 608,786	\$ 675,250

The Company elected to exclude accrued interest receivable from the amortized cost basis of loans. As of December 31, 2024 and September 30, 2023, respectively, accrued interest receivable for loans totaled \$2,103 and \$2,326, respectively, and is included in other assets on the consolidated balance sheets.

Westbury Bancorp, Inc. and Subsidiary
Notes to Consolidated Financial Statements
Dollars in Thousands

The following tables present the contractual aging of the recorded investment in past due loans by class of loans as of December 31, 2024 and September 30, 2023:

December 31, 2024	Loans Past				Total
	Current	30-59 Days Past Due	60-89 Days Past Due	Due 90 Days or More	
Single family	\$ 101,257	\$ —	\$ —	\$ —	\$ 101,257
Multifamily	193,510	—	—	—	193,510
Commercial real estate non-owner occupied	102,447	—	—	—	102,447
Commercial real estate owner occupied	95,367	—	—	—	95,367
Construction and land development	6,829	—	—	—	6,829
Commercial business	93,214	—	—	112	93,326
Consumer and other:					
Home equity lines of credit	21,273	—	—	—	21,273
Other	885	—	—	—	885
	<u>\$ 614,782</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 112</u>	<u>\$ 614,894</u>

September 30, 2023	Loans Past				Total
	Current	30-59 Days Past Due	60-89 Days Past Due	Due 90 Days or More	
Single family	\$ 115,577	\$ —	\$ —	\$ 33	\$ 115,610
Multifamily	229,095	—	—	—	229,095
Commercial real estate non-owner occupied	110,054	—	—	—	110,054
Commercial real estate owner occupied	103,935	—	—	—	103,935
Construction and land development	15,713	—	—	—	15,713
Commercial business	93,259	—	40	112	93,411
Consumer and other:					
Home equity lines of credit	13,764	—	—	—	13,764
Other	373	—	—	—	373
	<u>\$ 681,770</u>	<u>\$ —</u>	<u>\$ 40</u>	<u>\$ 145</u>	<u>\$ 681,955</u>

There were no loans past due ninety days or more still accruing interest as of December 31, 2024 and September 30, 2023.

The following table presents the recorded investment in nonaccrual loans by class of loans as of December 31, 2024 and September 30, 2023:

	December 31, 2024	September 30, 2023
Single family	\$ —	\$ 33
Multifamily	—	—
Commercial real estate non-owner occupied	—	—
Commercial real estate owner occupied	—	—
Construction and land development	—	—
Commercial business	112	112
Consumer and other:		
Home equity lines of credit	—	—
Other	—	—
	<u>\$ 112</u>	<u>\$ 145</u>

As part of the on-going monitoring of the credit quality of the Company's loan portfolio, management categorizes loans into risk categories based on relevant information about the ability of the borrowers to service their debt and comply with various terms of their loan agreements. The Company considers current financial information, historical payment experience, credit documentation, public information and current economic trends when categorizing loans into risk categories. Generally, all

Westbury Bancorp, Inc. and Subsidiary
Notes to Consolidated Financial Statements
Dollars in Thousands

sizable credits receive a financial review no less than annually to monitor and adjust, if necessary, the credit's risk profile. Credits classified as watch, special mention, substandard and doubtful generally receive a review quarterly.

The Company categorizes loans into the following risk categories based on relevant information about the ability of borrowers to service their debt:

Pass - A pass asset is well protected by the current worth and paying capacity of the obligor (or guarantors, if any) or by the fair value, less costs to acquire and sell in a timely manner, of any underlying collateral.

Watch - A watch asset has potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the Company's credit position at some future date. Watch assets are not adversely classified and do not expose the Company to sufficient risk to warrant adverse classification.

Special Mention - A special mention asset has characteristics of deterioration in quality exhibited by any number of well-defined weaknesses requiring significant corrective action. The repayment ability of the borrower has not been validated, or has become marginal or weak and the loan may have exhibited some overdue payments or payment extensions and/or renewals.

Substandard - A substandard asset is an asset with a well-defined weakness that jeopardizes repayment in whole, or in part, of the debt. These credits are inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged. These assets are characterized by the distinct possibility that the Company will or has sustained some loss of principal and/or interest if the deficiencies are not corrected.

Doubtful - A doubtful asset is an asset that has all the weaknesses inherent in the substandard classification 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. These credits have a high probability for loss, yet because certain important and reasonably specific pending factors may work toward the strengthening of the asset, its classification of loss is deferred until its more exact status can be determined.

Homogeneous loan types are assessed for credit quality based on the contractual aging status of the loan and payment activity. In certain cases, based upon payment performance, the loan being related with another commercial type loan or for other reasons, a loan may be categorized into one of the risk categories noted above. Such assessment is completed at the end of each reporting period.

Westbury Bancorp, Inc. and Subsidiary
Notes to Consolidated Financial Statements
Dollars in Thousands

The following tables present the risk category of loans evaluated by internal asset classification based on the most recent analysis performed and the contractual aging as of December 31, 2024 and 2023:

December 31, 2024	Pass	Watch	Special Mention	Substandard	Doubtful	Total
Single family	\$ 101,257	\$ —	\$ —	\$ —	\$ —	\$ 101,257
Multifamily	193,510	—	—	—	—	193,510
Commercial real estate non-owner occupied	102,447	—	—	—	—	102,447
Commercial real estate owner occupied	92,085	3,282	—	—	—	95,367
Construction and land development	6,829	—	—	—	—	6,829
Commercial business	90,084	3,130	—	112	—	93,326
Consumer and other:						
Home equity lines of credit	21,273	—	—	—	—	21,273
Other	885	—	—	—	—	885
Total	<u>\$ 608,370</u>	<u>\$ 6,412</u>	<u>\$ —</u>	<u>\$ 112</u>	<u>\$ —</u>	<u>\$ 614,894</u>

September 30, 2023	Pass	Watch	Special Mention	Substandard	Doubtful	Total
Single family	\$ 115,577	\$ —	\$ —	\$ 33	\$ —	\$ 115,610
Multifamily	229,095	—	—	—	—	229,095
Commercial real estate non-owner occupied	106,764	3,290	—	—	—	110,054
Commercial real estate owner occupied	102,845	1,090	—	—	—	103,935
Construction and land development	15,713	—	—	—	—	15,713
Commercial business	92,835	465	—	111	—	93,411
Consumer and other:						
Home equity lines of credit	13,764	—	—	—	—	13,764
Other	373	—	—	—	—	373
Total	<u>\$ 676,966</u>	<u>\$ 4,845</u>	<u>\$ —</u>	<u>\$ 144</u>	<u>\$ —</u>	<u>\$ 681,955</u>

Westbury Bancorp, Inc. and Subsidiary
Notes to Consolidated Financial Statements
Dollars in Thousands

A summary of the activity in the allowance for credit losses on loans for the fifteen months and year ended December 31, 2024 and September 30, 2023, respectively, are as follows. The Company adopted CECL as of October 1, 2023. The prior year amounts presented are calculated under the prior accounting standard:

Fifteen Months Ended December 31, 2024	Single Family	Multifamily	Commercial Real Estate - Non-owner Occupied	Commercial Real Estate - Owner-Occupied	Construction and Land Development	Commercial Business	Consumer and Other	Total
Allowance for credit losses:								
Beginning balance	\$ 426	\$ 2,082	\$ 1,666	\$ 1,082	\$ 184	\$ 1,085	\$ 52	\$ 6,577
Adoption of CECL	65	(442)	289	242	(43)	(60)	(51)	\$ —
Provision for credit losses	(190)	(225)	301	(62)	(77)	108	325	180
Transfer to reserve for unfunded loan commitments		(83)	(132)	(74)	(4)	(64)	—	(357)
Loans charged-off	—	—	—	—	—	(40)	(285)	(325)
Recoveries of loans previously charged-off	9	—	—	—	—	—	9	18
Ending balance	<u>\$ 310</u>	<u>\$ 1,332</u>	<u>\$ 2,124</u>	<u>\$ 1,188</u>	<u>\$ 60</u>	<u>\$ 1,029</u>	<u>\$ 50</u>	<u>\$ 6,093</u>
Period-ended amount allocated for:								
Collateral Dependent	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Collectively evaluated for impairment	310	1,332	2,124	1,188	60	1,029	50	6,093
Ending Balance	<u>\$ 310</u>	<u>\$ 1,332</u>	<u>\$ 2,124</u>	<u>\$ 1,188</u>	<u>\$ 60</u>	<u>\$ 1,029</u>	<u>\$ 50</u>	<u>\$ 6,093</u>
Loans:								
Collateral Dependent	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Collectively evaluated for impairment	101,257	193,510	102,447	95,367	6,829	93,326	22,158	614,894
Ending Balance	<u>\$ 101,257</u>	<u>\$ 193,510</u>	<u>\$ 102,447</u>	<u>\$ 95,367</u>	<u>\$ 6,829</u>	<u>\$ 93,326</u>	<u>\$ 22,158</u>	<u>\$ 614,894</u>
Year Ended September 30, 2023								
	Single Family	Multifamily	Commercial Real Estate - Non-owner Occupied	Commercial Real Estate - Owner-Occupied	Construction and Land Development	Commercial Business	Consumer and Other	Total
Allowance for loan losses:								
Beginning balance	\$ 443	\$ 2,265	\$ 3,483	\$ 1,125	\$ 308	\$ 1,568	\$ 78	\$ 9,270
Provision for loan losses	(18)	(183)	877	(43)	(124)	(483)	(26)	—
Loans charged-off	—	—	(2,694)	—	—	—	—	(2,694)
Recoveries of loans previously charged-off	1	—	—	—	—	—	—	1
Ending balance	<u>\$ 426</u>	<u>\$ 2,082</u>	<u>\$ 1,666</u>	<u>\$ 1,082</u>	<u>\$ 184</u>	<u>\$ 1,085</u>	<u>\$ 52</u>	<u>\$ 6,577</u>
Period-ended amount allocated for:								
Individually evaluated for impairment	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Collectively evaluated for impairment	426	2,082	1,666	1,082	184	1,085	52	6,577
Ending Balance	<u>\$ 426</u>	<u>\$ 2,082</u>	<u>\$ 1,666</u>	<u>\$ 1,082</u>	<u>\$ 184</u>	<u>\$ 1,085</u>	<u>\$ 52</u>	<u>\$ 6,577</u>
Loans:								
Individually evaluated for impairment	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Collectively evaluated for impairment	115,610	229,095	110,054	103,935	15,713	93,411	14,137	681,955
Ending Balance	<u>\$ 115,610</u>	<u>\$ 229,095</u>	<u>\$ 110,054</u>	<u>\$ 103,935</u>	<u>\$ 15,713</u>	<u>\$ 93,411</u>	<u>\$ 14,137</u>	<u>\$ 681,955</u>

Westbury Bancorp, Inc. and Subsidiary
Notes to Consolidated Financial Statements
Dollars in Thousands

In addition to the allowance for credit losses above, the Company has established an allowance for credit losses on unfunded loan commitments, classified in other liabilities on the consolidated balance sheets. This allowance is maintained at a level that management believes is sufficient to absorb losses arising from unfunded loan commitments, and is determined based on a methodology similar to the methodology for determining the allowance for credit losses on loans. The allowance for credit losses on unfunded loan commitments as of December 31, 2024 was \$357.

The provision for credit losses is determined by the Company as the amount to be added to the allowance for credit losses for various types of financial instruments including loans, investment securities, and unfunded commitments after net charge-offs have been deducted to bring the allowance for credit losses to a level that, in management's judgment, is necessary to absorb expected credit losses over the lives of the respective financial instruments. The Company made a provision for credit losses of \$180 for the fifteen months ended December 31, 2024.

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

Collateral dependent commercial real estate loans, both owner-occupied and non-owner occupied, are valued by independent external appraisals. These external appraisals are prepared using the sales comparison approach and income approach valuation techniques. Estimated fair values are reduced to account for sales commissions, broker fees, unpaid property taxes and additional selling expenses to arrive at an estimated net realizable value.

Management may make subsequent unobservable adjustments to the collateral dependent loan appraisals. Collateral dependent loans other than commercial real estate are not considered material.

As of December 31, 2024 and September 30, 2023, the Company had no collateral dependent loans.

Westbury Bancorp, Inc. and Subsidiary
Notes to Consolidated Financial Statements
Dollars in Thousands

Information regarding the loan portfolio by risk classification and origination year as of December 31, 2024 is as follows:

	2024	2023	2022	2021	2020	Prior	Revolving	Total
Single Family								
Pass	\$ 2,251	\$ 9,452	\$ 30,473	\$ 16,740	\$ 5,232	\$ 37,109	\$ —	\$ 101,257
Total	<u>\$ 2,251</u>	<u>\$ 9,452</u>	<u>\$ 30,473</u>	<u>\$ 16,740</u>	<u>\$ 5,232</u>	<u>\$ 37,109</u>	<u>\$ 37</u>	<u>\$ 101,257</u>
Multifamily								
Pass	\$ 1,073	\$ 8,060	\$ 17,991	\$ 59,034	\$ 18,122	\$ 87,465	\$ 1,765	\$ 193,510
Total	<u>\$ 1,073</u>	<u>\$ 8,060</u>	<u>\$ 17,991</u>	<u>\$ 59,034</u>	<u>\$ 18,122</u>	<u>\$ 87,465</u>	<u>\$ 1,765</u>	<u>\$ 193,510</u>
Commercial Real Estate - Non-Owner Occupied								
Pass	\$ 1,582	\$ 23,370	\$ 15,372	\$ 5,335	\$ 19,484	\$ 37,097	\$ 207	\$ 102,447
Total	<u>\$ 1,582</u>	<u>\$ 23,370</u>	<u>\$ 15,372</u>	<u>\$ 5,335</u>	<u>\$ 19,484</u>	<u>\$ 37,097</u>	<u>\$ 207</u>	<u>\$ 102,447</u>
Commercial Real Estate - Owner Occupied								
Pass	\$ 6,840	\$ 9,798	\$ 16,606	\$ 16,239	\$ 16,174	\$ 22,428	\$ 4,000	\$ 92,085
Watch	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,282	\$ —	\$ 3,282
Total	<u>\$ 6,840</u>	<u>\$ 9,798</u>	<u>\$ 16,606</u>	<u>\$ 16,239</u>	<u>\$ 16,174</u>	<u>\$ 25,710</u>	<u>\$ 4,000</u>	<u>\$ 95,367</u>
Construction and Land Development								
Pass	\$ 4,045	\$ 910	\$ 29	\$ 185	\$ —	\$ 353	\$ 1,307	\$ 6,829
Total	<u>\$ 4,045</u>	<u>\$ 910</u>	<u>\$ 29</u>	<u>\$ 185</u>	<u>\$ —</u>	<u>\$ 353</u>	<u>\$ 1,307</u>	<u>\$ 6,829</u>
Commercial Business								
Pass	\$ 21,379	\$ 16,874	\$ 18,813	\$ 4,178	\$ 3,911	\$ 2,133	\$ 22,796	\$ 90,084
Watch	\$ —	\$ 3,130	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,130
Substandard	\$ —	\$ —	\$ 112	\$ —	\$ —	\$ —	\$ —	\$ 112
Total	<u>\$ 21,379</u>	<u>\$ 20,004</u>	<u>\$ 18,925</u>	<u>\$ 4,178</u>	<u>\$ 3,911</u>	<u>\$ 2,133</u>	<u>\$ 22,796</u>	<u>\$ 93,326</u>
Consumer and Other								
Pass	\$ 556	\$ 62	\$ 60	\$ —	\$ —	\$ —	\$ 21,480	\$ 22,158
Total	<u>\$ 556</u>	<u>\$ 62</u>	<u>\$ 60</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 21,480</u>	<u>\$ 22,158</u>

Westbury Bancorp, Inc. and Subsidiary
Notes to Consolidated Financial Statements
Dollars in Thousands

All homogeneous loans (defined as single family and consumer and other) were performing as of December 31, 2024 and September 30, 2023.

Interest income foregone on nonaccrual loans approximated \$22 and \$5 for the fifteen months ended December 31, 2024 and the year ended September 30, 2023, respectively.

Westbury Bancorp, Inc. and Subsidiary
Notes to Consolidated Financial Statements
Dollars in Thousands

The following tables present additional detail of impaired loans, segregated by segment, as of and for the years ended December 31, 2024 and 2023. The unpaid principal balance represents the recorded balance prior to any partial charge-offs. The recorded investment represents customer balances net of any partial charge-offs recognized on the loans by loan category. The interest income recognized column represents all interest income reported on either a cash or accrual basis after the loan became impaired.

December 31, 2024	Unpaid Principal Balance	Recorded Investment	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Single family	\$ —	\$ —	—	\$ —	\$ —
Multifamily	—	—	—	—	—
Commercial real estate non-owner occupied	—	—	—	—	—
Commercial real estate owner occupied	—	—	—	—	—
Construction and land development	4	—	—	—	—
Commercial business	40	—	—	—	—
Consumer and other	313	—	—	—	—
With an allowance recorded:					
Single family	—	—	—	—	—
Multifamily	—	—	—	—	—
Commercial real estate non-owner occupied	—	—	—	—	—
Commercial real estate owner occupied	—	—	—	—	—
Construction and land development	—	—	—	—	—
Commercial business	—	—	—	—	—
Consumer and other	—	—	—	—	—
	\$ 357	\$ —	\$ —	\$ —	\$ —

September 30, 2023	Unpaid Principal Balance	Recorded Investment	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Single family	\$ —	\$ —	\$ —	\$ —	\$ —
Multifamily	—	—	—	—	—
Commercial real estate non-owner occupied	—	—	—	—	—
Commercial real estate owner occupied	—	—	—	—	—
Construction and land development	4	—	—	—	—
Commercial business	—	—	—	—	—
Consumer and other	—	—	—	—	—
With an allowance recorded:					
Single family	—	—	—	—	—
Multifamily	—	—	—	—	—
Commercial real estate non-owner occupied	—	—	—	—	—
Commercial real estate owner occupied	—	—	—	—	—
Construction and land development	—	—	—	—	—
Commercial business	—	—	—	—	—
Consumer and other	—	—	—	—	—
	\$ 4	\$ —	\$ —	\$ —	\$ —

Westbury Bancorp, Inc. and Subsidiary
Notes to Consolidated Financial Statements
Dollars in Thousands

Modifications to borrowers experiencing financial difficulty may include interest rate reductions, principal or interest forgiveness, forbearances, term extensions, and other actions intended to minimize economic loss and to avoid foreclosure or repossession of collateral. The following table presents the amortized cost basis of loan modifications made to borrowers experiencing financial difficulty at December 31, 2024:

	Type of Concession		Percent of Total Segment of Loans
	Principal forgiveness	Total	
Single Family	\$ —	\$ —	— %
Multifamily	—	—	— %
Construction and Land	—	—	— %
Commercial Real Estate - Non-Owner Occupied	552	—	— %
Commercial Real Estate - Owner-Occupied	—	—	— %
Commercial business	—	—	— %
Consumer and other	—	—	— %
	<u>\$ —</u>	<u>\$ —</u>	<u>— %</u>

For the year ended September 30, 2023, there were no modifications made to borrowers experiencing financial difficulty.

For the fifteen months ended December 31, 2024 and the year ended September 30, 2023, there were no loan modifications made to borrowers experiencing financial difficulty that defaulted within twelve months of making the modification.

The Company does not have material commitments to lend additional funds to borrowers with loans whose terms have been modified or whose loans are on nonaccrual.

Certain of the Bank's directors and executive officers are loan customers of the Bank. These loans were made on substantially the same terms as those prevailing for comparable transactions with other persons and do not involve more than the normal risk of collectability.

An analysis of such loans is as follows:

	Fifteen Months Ended December 31, 2024	Year Ended September 30, 2023
Balance, beginning	\$ 10,400	\$ 13,097
New loans originated	823	38
Draws on lines of credit	4	113
Principal repayments	(726)	(2,848)
Balance, ending	<u>\$ 10,501</u>	<u>\$ 10,400</u>

Westbury Bancorp, Inc. and Subsidiary
Notes to Consolidated Financial Statements
Dollars in Thousands

Note 5. Foreclosed Real Estate

An analysis of foreclosed real estate for the fifteen months and year ended December 31, 2024 and September 30, 2023, respectively, is as follows:

	<u>2024</u>	<u>2023</u>
Balance, beginning	\$ —	\$ —
Transfer of loans	—	—
Payments	—	—
Proceeds on sale	—	—
Gain (loss) on sale	—	—
Balance, ending	<u>\$ —</u>	<u>\$ —</u>

Note 6. Mortgage Servicing Rights

Loans serviced for others approximated \$0 and \$16,200 at December 31, 2024 and September 30, 2023, respectively. These loans are not reflected in the accompanying consolidated financial statements and were sold without recourse.

	<u>Fifteen Months Ended December 31, 2024</u>	<u>Years Ended September 30, 2023</u>
Mortgage servicing rights:		
Balance at beginning of year	\$ 108	\$ 134
Additions	—	—
Disposals	(108)	—
Amortization	—	(26)
Balance at end of year	<u>—</u>	<u>108</u>
Valuation allowances:		
Balance at beginning of year	—	—
Additions	—	—
Reductions	—	—
Write-downs	—	—
Balance at end of year	<u>—</u>	<u>—</u>
Mortgage servicing rights, net	<u>\$ —</u>	<u>\$ 108</u>

The fair value of mortgage servicing rights was \$0 and \$108 as of December 31, 2024 and 2023, respectively. The fair value of servicing rights was determined using the following assumptions as of:

	<u>September 30, 2023</u>
Discount rates	10.5 to 11.0%
Prepayment speed range	19.3 to 21.8
Weighted average default rate	0.77%

Westbury Bancorp, Inc. and Subsidiary
Notes to Consolidated Financial Statements
Dollars in Thousands

Note 7. Office Properties and Equipment

The components of office properties and equipment were as follows:

	December 31, 2024	September 30, 2023
Land and land improvements	\$ 5,911	\$ 6,176
Office buildings and improvements	20,044	22,234
Furniture and equipment	6,224	5,787
Future expansion property	400	400
	32,579	34,597
Less accumulated depreciation and amortization	(15,961)	(15,843)
	\$ 16,618	\$ 18,754

Depreciation and amortization expense of approximately \$1,530 and \$1,234 on office properties and equipment is included in furniture and equipment and occupancy expenses for the fifteen months and year ended December 31, 2024 and September 30, 2023, respectively.

The Company leases, to various tenants, space in certain of its office properties under noncancelable operating leases. Gross rental income was \$617 and \$440 for the fifteen months and year ended December 31, 2024 and September 30, 2023, respectively. Minimum future rental income under the terms of noncancelable leases is as follows:

Years Ending December 31,		
2025	\$	428
2026		386
2027		344
2028		295
2029		4
Thereafter		—
	\$	1,457

There are no approximate minimum annual rentals and commitments under noncancelable agreements and leases with remaining terms in excess of one year as of December 31, 2024 and September 30, 2023.

Westbury Bancorp, Inc. and Subsidiary
Notes to Consolidated Financial Statements
Dollars in Thousands

Note 8. Deposits

The following table presents the composition of deposits as of:

	December 31, 2024		September 30, 2023	
	Amount	Percent	Amount	Percent
Negotiable order for withdrawal accounts:				
Non-interest bearing	\$ 241,939	33.16 %	\$ 242,601	33.27 %
Interest bearing	113,476	15.55 %	133,089	18.26 %
	<u>355,415</u>	<u>48.71 %</u>	<u>375,690</u>	<u>51.53 %</u>
Passbook and statement savings	177,293	24.30 %	198,806	27.27 %
Variable rate money market accounts	143,581	19.68 %	106,628	14.63 %
Certificates of deposit	53,439	7.31 %	47,912	6.57 %
	<u>\$ 729,728</u>	<u>100.00 %</u>	<u>\$ 729,036</u>	<u>100.00 %</u>

Certificate accounts equal to or greater than one hundred thousand dollars totaled \$17,351 and \$15,430 as of December 31, 2024 and September 30, 2023, respectively. Of these amounts, \$5,222 and \$6,275 were equal to or greater than two hundred fifty thousand dollars as of December 31, 2024 and September 30, 2023, respectively.

A summary of certificate accounts by scheduled maturity as of December 31, 2024 is as follows:

	December 31, 2024
2025	\$ 40,273
2026	7,042
2027	2,580
2028	2,535
2029	1,009
	<u>\$ 53,439</u>

Certain of the Bank's directors and executive officers are deposit customers of the Bank. As of December 31, 2024 and September 30, 2023, deposits of approximately \$18,850 and \$17,212, respectively, were held by such parties.

Note 9. Borrowings

The Bank maintains a master contract agreement with the Federal Home Loan Bank of Chicago (FHLB) that provides for borrowing up to the maximum of 75 percent of the book value of the Bank's first lien 1-4 family and multifamily real estate loans. The FHLB provides both fixed and floating rate advances. Floating rate advances are tied to short-term market rates of interest, such as SOFR, Federal Funds or Treasury Bill rates. Fixed rate advances are priced in reference to market rates of interest at the time of the advance, namely the rates that the FHLB pays to borrowers at various maturities. In either case, interest is payable monthly with principal payable at maturity.

Advances are generally secured by a security agreement pledging a portion of the Bank's residential real estate loans. Pledged real estate mortgages and home equity lines of credit had a carrying value of \$179,731 and \$208,574 as of December 31, 2024, and September 30, 2023, respectively.

The Company had no FHLB term advances at December 31, 2024 and September 30, 2023.

On November 6, 2024, the Company entered into a \$12,500, fifteen year term note with its correspondent bank. Interest is payable at a floating rate of WSJ PRIME minus 0.625%. The note is interest-only for two years, and will then amortize on a 13 year schedule. The note matures on November 6, 2039.

Westbury Bancorp, Inc. and Subsidiary
Notes to Consolidated Financial Statements
Dollars in Thousands

On November 6, 2024, the Company entered into a line of credit with its correspondent bank for \$2,500. Interest is payable at the WSJ PRIME rate minus 0.50% with a floor rate of 4.00%.

Both the note and the line of credit with the correspondent bank are secured by the stock of the Bank which is 100% owned by the Company.

Outstanding borrowings were as follows as of December 31, 2024 and September 30, 2023:

	December 31, 2024		September 30, 2023	
	Amount	Weighted Average Cost	Amount	Weighted Average Cost
Overnight advances from FHLB	\$ —	— %	\$ 50,000	5.42 %
Term advances from FHLB	—	— %	—	— %
Short term note with correspondent bank	—	— %	4,127	3.25 %
Long term note with correspondent bank	12,500	6.88 %	9,823	6.53 %
Line of credit with correspondent bank	—	7.00 %	—	8.00 %

Note 10. Regulatory Capital

The Company is exempt from consolidated capital requirements as those requirements do not apply to certain small bank holding companies with assets under \$1 billion.

The federal banking agencies maintain capital regulations applicable to the Bank.

Under these regulatory capital regulations, the minimum capital ratios are: (1) CET1 capital ratio of 4.5% of risk-weighted assets; (2) a Tier 1 capital ratio of 6.0% of risk-weighted assets; (3) a total capital ratio of 8.0% of risk-weighted assets; and (4) a leverage ratio of 4.0%. CET1 generally consists of common stock and retained earnings, subject to applicable regulatory adjustments and deductions.

The Bank has elected to permanently opt-out of the inclusion of accumulated other comprehensive income in our capital calculations, as permitted by the regulations. This opt-out reduces the impact of market volatility on our regulatory capital levels.

In addition to the minimum CET1, Tier 1 and total capital ratios, the Bank is required to maintain a capital conservation buffer consisting of additional CET1 capital greater than 2.5% of risk-weighted assets above the required minimum levels in order to avoid limitations on paying dividends, engaging in share repurchases, and paying discretionary bonuses based on percentages of eligible retained income that could be utilized for such actions.

Under the FDIC's prompt corrective action standards, in order to be considered well-capitalized, the Bank must have a CET1 ratio of 6.5%, a Tier 1 ratio of 8.0%, a total risk-based capital ratio of 10.0% and a leverage ratio of 5.0%. The Bank meets all these requirements, including the full capital conservation buffer.

Westbury Bancorp, Inc. and Subsidiary
Notes to Consolidated Financial Statements
Dollars in Thousands

The Bank's actual capital amounts and ratios and those required by the above regulatory standards are presented in the following tables. For December 31, 2024 and September 30, 2023, we have included the capital conservation buffer in our minimum capital adequacy ratios in the table below:

At December 31, 2024

	Actual		For Capital Adequacy Purposes		For Capital Adequacy Purposes with Capital Buffer		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
CET1 capital (to risk-weighted assets)								
Westbury Bank	\$ 87,466	13.95 %	\$ 28,209	4.50 %	\$ 43,880	7.00 %	\$ 40,746	6.50 %
Tier 1 capital (to risk-weighted assets)								
Westbury Bank	87,466	13.95 %	37,611	6.00 %	53,283	8.50 %	50,148	8.00 %
Total capital (to risk-weighted assets)								
Westbury Bank	93,917	14.98 %	50,148	8.00 %	\$ 65,820	10.50 %	62,686	10.00 %
Leverage (to adjusted total assets)								
Westbury Bank	87,466	10.41 %	33,618	4.00 %	N/A	N/A	42,022	5.00 %

At September 30, 2023

	Actual		For Capital Adequacy Purposes		For Capital Adequacy Purposes with Capital Buffer		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
CET1 capital (to risk-weighted assets)								
Westbury Bank	\$ 86,445	12.43 %	\$ 31,303	4.50 %	\$ 48,693	7.00 %	\$ 45,215	6.50 %
Tier 1 capital (to risk-weighted assets)								
Westbury Bank	86,445	12.43 %	41,737	6.00 %	59,127	8.50 %	55,649	8.00 %
Total capital (to risk-weighted assets)								
Westbury Bank	93,022	13.37 %	55,649	8.00 %	73,039	10.50 %	69,561	10.00 %
Leverage (to adjusted total assets)								
Westbury Bank	86,445	9.75 %	35,433	4.00 %	N/A	N/A	44,291	5.00 %

Westbury Bancorp, Inc. and Subsidiary
Notes to Consolidated Financial Statements
Dollars in Thousands

The following table reconciles the Bank's stockholders' equity to regulatory capital as of December 31, 2024 and September 30, 2023:

	December 31, 2024	September 30, 2023
Stockholder's equity of the Bank	\$ 76,420	\$ 71,325
Unrealized loss on securities	11,046	15,120
Tier 1, CET1 and leverage capital	87,466	86,445
Allowable general valuation allowances	6,094	6,577
Reserve for unfunded loan commitments	357	—
Total capital	\$ 93,917	\$ 93,022

Note 11. Employee Benefit Plans

The Bank maintains a contributory, defined-contribution profit-sharing plan (the "Plan") for all employees meeting certain minimum age and service requirements. The Plan qualifies under Section 401(k) of the Internal Revenue Code. Participants may elect to defer a portion of their compensation and contribute this amount to the Plan. The Bank makes a matching contribution based on the amount contributed by a participant. In addition, a discretionary contribution may be made each year as determined annually by the Board of Directors. This discretionary Bank contribution is allocated to each participant based on his or her compensation. The aggregate benefit payable to any employee is dependent upon his or her rate of contribution, the earnings of the Plan assets, and the length of time such employee has been a participant in the Plan. The expense related to this Plan was \$311 and \$209 for the fifteen months and year ended December 31, 2024 and September 30, 2023, respectively.

The Bank maintains a leveraged ESOP that covers all employees meeting certain minimum age and service requirements. The ESOP was established in conjunction with the Company's stock offering completed in April 2013 and operates on a plan year ending December 31. The ESOP initially borrowed \$4.1 million and used those funds to acquire 411,403 shares, or 8.0% of the total number of shares issued by the Company in its initial public offering. The shares were acquired at a price of \$10.00 per share. The Bank makes annual contributions to the ESOP equal to the ESOP's debt service. The ESOP shares were pledged as collateral for its debt. Additional principal payments, which serve to pay down the debt and accelerate the release of ESOP shares, may be made by the Bank at the discretion of its Board of Directors. As the debt is repaid, shares are released from collateral and allocated to active participants, based on the proportion of debt service paid in the year. The Company accounts for its ESOP in accordance with ASC 718-40. Accordingly, because the debt is intercompany, it is eliminated in consolidation for presentation in these financial statements. The shares pledged as collateral are reported as unearned ESOP shares in the balance sheet. Total ESOP shares may be reduced as a result of employees leaving the Company as shares that have previously been released to those exiting employees may be removed from the ESOP and transferred to that employee. As shares are committed to be released from collateral, the Company reports compensation expense equal to the current market price of the shares, and the shares become outstanding for EPS computations. During 2023, 4,518 shares were committed to be released concurrent with the payment of the annual debt service on the ESOP loan. The ESOP loan was paid in full as of December 31, 2022. Total ESOP compensation expense of \$125 was incurred for the year ended September 30, 2023 .

As of June 30, 2023, the Company elected to terminate the ESOP and distribute the shares to the ESOP participants.

Westbury Bancorp, Inc. and Subsidiary
Notes to Consolidated Financial Statements
Dollars in Thousands

Note 12. Compensation Equity Plans

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

	Fifteen Months Ended	Year Ended
	December 31, 2024	September 30, 2023
Total cost of stock grant plan during the year	\$ 759	\$ 386
Total cost of stock option plan during the year	167	210
Total cost of share-based payment plans during the year	\$ 926	\$ 596
 Amount of related income tax benefit recognized in income	 \$ 252	 \$ 162

The Company adopted the Westbury Bancorp Inc 2014 Equity Incentive Plan (the "Incentive Plan") in 2014. In June 2014, the Company's stockholders approved the Incentive Plan which authorized the issuance of up to 203,665 restricted stock awards and up to 509,162 stock options. At the Company's annual meeting of stockholders, held on February 15, 2017, the stockholders of the Company approved an amendment to the Plan authorizing 20,000 additional restricted stock awards and an additional 200,000 stock options available for issuance as awards under the Plan. In June 2022, the Company's board of directors approved a new Restricted Stock Plan which authorized the issuance of up to 100,000 restricted stock awards. As of December 31, 2024 there were 33,617 restricted stock awards and 1,950 options available for future grants.

Annual equity-based incentive awards are typically granted to selected officers and employees mid-year. Options are granted with an exercise price equal to no less than the market price of the Company's shares at the date of grant: those option awards generally vest pro-rata over five years of service and have 10-year contractual terms. Restricted shares typically vest pro-rata over a five- or three-year period. Equity awards may also be granted at other times throughout the year in connection with the recruitment and retention of officers and employees.

Westbury Bancorp, Inc and Subsidiary
Notes to Consolidated Financial Statements
Dollars in Thousands Except Per Share Data

The following table summarizes stock options activity for the fifteen months ended December 31, 2024:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Options outstanding as of September 30, 2023	420,456	\$ 20.54		
Granted	—	\$ —		
Exercised	(147,459)	\$ 17.67		
Expired or canceled	—	\$ —		
Forfeited	(250)	\$ 23.85		
Options outstanding as of December 31, 2024	<u>272,747</u>	\$ 22.10	3.84	\$ 2,156
Options exercisable as of December 31, 2024	<u>248,166</u>	\$ 21.86	3.62	\$ 2,020

The fair value of each option award is estimated on the date of grant using the Black-Scholes option pricing model based on certain assumptions. Expected volatility is based on the average volatility of Company shares and the expectations of future volatility of Company shares. The risk free interest rate for periods within the contractual term of the option is based on the U.S. Treasury yield curve in effect at the time of the grant. The expected life of options is estimated based on the Company's actual experience.

No options were granted during the fifteen months and year ended December 31, 2024 and September 30, 2023.

The total intrinsic value of options exercised during the fifteen months and year ended December 31, 2024 and September 30, 2023 was \$1,603 and \$652, respectively.

Westbury Bancorp, Inc and Subsidiary
Notes to Consolidated Financial Statements
Dollars in Thousands Except Per Share Data

The following is a summary of changes in restricted shares for the fifteen months ended December 31, 2024:

	Number of Shares	Weighted Average Grant Date Fair Value
Shares Outstanding at September 30, 2023	54,291	\$ 26.00
Granted	34,500	\$ 25.41
Vested	(18,579)	\$ 25.49
Forfeited	(500)	\$ 29.04
Shares Outstanding at December 31, 2024	69,712	\$ 25.90

The total intrinsic value of restricted shares that vested during the fifteen months and year ended December 31, 2024 and September 30, 2023 was \$381 and \$136, respectively.

As of December 31, 2024, there was \$1,913 of total unrecognized compensation cost related to nonvested share-based compensation arrangements (including share option and nonvested share awards) granted under the Incentive Plan. At December 31, 2024, the weighted-average period over which the unrecognized compensation expense is expected to be recognized was approximately 1.54 years.

Note 13. Deferred Compensation

Certain key employees of Westbury Bank have entered into non-qualified salary continuation plans with the Bank. These plans provide for payments of specific amounts over 10 to 20 year periods subsequent to each participant's retirement. The related deferred compensation liabilities of the Company are being accrued ratably to the respective normal retirement dates of each participant. As of December 31, 2024 and September 30, 2023, approximately \$1,238 and \$1,359 are accrued related to these plans. The expense for compensation under these plans was approximately \$79 and \$69 for the fifteen months and year ended December 31, 2024 and September 30, 2023, respectively.

Although not part of the plans, the Company has purchased life insurance on the lives of certain employees electing to participate in the plans, which could provide funding for the payment of benefits under the plans. At December 31, 2024 and September 30, 2023, the cash surrender value of such life insurance policies totaled \$16,540 and \$15,981, respectively.

Note 14. Income Taxes

The following table presents the provision for income taxes for the:

	Fifteen Months Ended December 31, 2024	Year Ended September 30, 2023
Current expense	\$ 2,615	\$ 2,697
Deferred expense (benefit)	(752)	2,353
	\$ 1,863	\$ 5,050

Westbury Bancorp, Inc and Subsidiary
Notes to Consolidated Financial Statements
Dollars in Thousands

A reconciliation of expected income tax expense to the income tax expense included in the consolidated statements of operations is as follows:

	Fifteen Months Ended		Year Ended	
	December 31, 2024		September 30, 2023	
	Amount	% of Pretax Income	Amount	% of Pretax Income
Computed "expected" tax expense	\$ 2,238	21.00 %	\$ 2,775	21.00 %
Net increase in cash surrender of life insurance and net proceeds of death benefits	(117)	(1.10)%	(228)	(1.73)%
Tax-exempt interest, net	(149)	(1.40)%	(159)	(1.21)%
Change from state income tax expense (benefit), net	(159)	(1.49)%	2,487	18.82 %
Equity incentive plans	(34)	(0.32)%	(5)	(0.03)%
Other, net	84	0.79 %	180	1.36 %
	<u>\$ 1,863</u>	<u>17.48 %</u>	<u>\$ 5,050</u>	<u>38.21 %</u>

The net deferred tax asset includes the following amounts of deferred tax assets and liabilities as of:

	December 31, 2024	September 30, 2023
Deferred tax assets:		
Allowance for credit losses	\$ 1,660	\$ 1,792
Non-qualified option expense	185	219
Restricted stock expense	268	196
Deferred compensation	337	370
Wisconsin fixed assets	142	171
Deferred loan fees	4	35
Charitable contribution	44	44
Unrealized loss on securities available-for-sale	4,136	5,663
Other	192	40
Total deferred tax assets	<u>6,968</u>	<u>8,530</u>
Deferred tax liabilities:		
Prepaid expenses	(101)	(132)
Mortgage servicing rights	—	(29)
Office properties and equipment basis difference	(1,368)	(1,473)
Federal Home Loan Bank stock basis difference	(65)	(65)
Total deferred tax liabilities	<u>(1,534)</u>	<u>(1,699)</u>
Valuation allowance	<u>(1,139)</u>	<u>(1,761)</u>
Net deferred tax asset	<u>\$ 4,295</u>	<u>\$ 5,070</u>

In assessing the reliability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible.

Management performed an evaluation of the Company's deferred tax assets as of December 31, 2024 and September 30, 2023. In making the determination whether a deferred tax asset is more likely than not to be realized, we seek to evaluate all available positive and negative evidence. The Wisconsin state budget, signed July 5, 2023, effective January 1, 2023, made interest and

Westbury Bancorp, Inc and Subsidiary
Notes to Consolidated Financial Statements
Dollars in Thousands

fee income on loans originated in Wisconsin for business purposes up to \$5 million non-taxable. This change, which resulted in a lower incremental tax rate, decreased the estimated future realization of an existing deferred tax asset related to state income taxes resulting in a valuation allowance at December 31, 2024 and September 30, 2023.

Under the Internal Revenue Code and Wisconsin Statutes, the Bank was permitted to deduct, for tax years beginning before 1997, an annual addition to a reserve for bad debts. The amount differed from the provision for credit losses recorded for financial accounting purposes. Under prior law, bad debt deductions for income tax purposes were included in taxable income of later years only if the bad debt reserves were used for purposes other than to absorb bad debt losses. Because the Company did not intend to use the reserve for purposes other than to absorb losses, no deferred income taxes were provided. Retained earnings as of December 31, 2024 and September 30, 2023, include approximately \$3,227 for which no deferred federal or state income taxes were provided. If in the future the Company no longer qualifies as a bank for tax purposes, an income tax expense of \$879 would be incurred.

The Company files income tax returns in the U.S. federal jurisdiction and the state of Wisconsin. With few exceptions, the Company is no longer subject to U.S. federal tax examinations by tax authorities for years before 2019 and state tax examinations by tax authorities for years before 2018.

Westbury Bancorp, Inc and Subsidiary
Notes to Consolidated Financial Statements
Dollars in Thousands

Note 15. Commitments and Contingencies

Financial Instruments with Off-Balance Sheet Risk

The Company 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. These financial instruments include commitments to extend credit and involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the accompanying consolidated balance sheets. The contractual amounts of those instruments reflect the extent of involvement the Company has in particular classes of financial instruments.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instruments for commitments to extend credit is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

The following off-balance sheet instruments were outstanding whose contract amounts represent credit risk:

	<u>December 31, 2024</u>	<u>September 30, 2023</u>
Commitments to extend mortgage credit:		
Fixed rate	\$ 430	\$ 401
Adjustable rate	—	—
Unused commercial loan lines of credit	94,297	120,216
Unused home equity line of credit	38,631	41,262
Standby letters of credit	791	1,973
Commitment to sell loans	709	601

Commitments to extend credit are agreements to lend funds to a customer as long as there is no violation of any condition established in the underlying contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. As some such commitments expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's creditworthiness on a case-by-case basis. The Company generally extends credit only on a secured basis. Collateral obtained varies but consists primarily of one-to-four family residences.

Unfunded commitments under lines of credit are commitments for possible future extensions of credit to existing customers. These lines of credit may be uncollateralized and ultimately may not be drawn upon to the total extent to which the Company is committed.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those letters of credit are primarily issued to support public and private borrowing arrangements, and, generally, have terms of one year or less. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Company holds collateral supporting those commitments if deemed necessary. In the event the customer does not perform in accordance with the terms of the agreement with the third party, the Company would be required to fund the commitment. The maximum potential amount of future payments the Company could be required to make is represented by the contractual amount shown in the summary above. If the commitment is funded, the Company would be entitled to seek recovery from the customer. At December 31, 2024 and September 30, 2023, no amounts have been recorded as liabilities for the Company's potential obligations under these guarantees.

Litigation

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

Westbury Bancorp, Inc and Subsidiary
Notes to Consolidated Financial Statements
Dollars in Thousands

Note 16. Derivative Activities

Commitments to originate residential mortgage loans held for sale and forward commitments to sell residential mortgage loans are defined as derivatives. The fair value related to these commitments was not material as of December 31, 2024 and September 30, 2023.

Note 17. Fair Value Measurements

ASC Topic 820, Fair Value Measurements and Disclosures, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. ASC Topic 820 requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, ASC Topic 820 establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

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

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

A description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

Securities available-for-sale: The fair value of the Company's securities available-for-sale is determined using Level 2 inputs, which are derived from readily available pricing sources and third-party pricing services for comparable instruments. The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, treasury yield curves, trading levels, credit information and credit terms, among other factors. In certain cases where Level 1 or Level 2 are not available, securities are classified within Level 3 of the hierarchy.

Westbury Bancorp, Inc and Subsidiary
Notes to Consolidated Financial Statements
Dollars in Thousands

Assets and liabilities recorded at fair value on a recurring basis: The following table summarizes assets measured at fair value on a recurring basis, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value as of:

	Fair Value Measurements			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
December 31, 2024				
Assets				
Securities available-for-sale				
U.S. Government and agency securities	\$ 3,613	\$ —	\$ 3,613	\$ —
U.S. Government agency residential mortgage-backed securities	23,140	—	23,140	—
U.S. Government agency collateralized mortgage obligations	5,488	—	5,488	—
U.S. Government agency commercial mortgage-backed securities	36,487	—	36,487	—
U.S. Government agency commercial mortgage-backed securities - tax exempt	—	—	—	—
U.S. Government agency asset backed securities	15,325	—	15,325	—
Municipal securities-tax exempt	11,590	—	11,590	—
Municipal securities-taxable	1,722	—	1,722	—
Corporate Bonds	475	—	475	—
Total securities available-for-sale	\$ 97,840	\$ —	\$ 97,840	\$ —
Derivatives	\$ —	\$ —	\$ —	\$ —
Liabilities				
Derivatives	\$ —	\$ —	\$ —	\$ —

	Fair Value Measurements			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
September 30, 2023				
Assets				
Securities available-for-sale				
U.S. Government and agency securities	\$ 5,177	\$ —	\$ 5,177	\$ —
U.S. Government agency residential mortgage-backed securities	25,909	—	25,909	—
U.S. Government agency collateralized mortgage obligations	6,274	—	6,274	—
U.S. Government agency commercial mortgage-backed securities	42,716	—	42,716	—
U.S. Government agency commercial mortgage-backed securities - tax exempt	2,798	—	2,798	—
U.S. Government agency asset backed securities	16,870	—	16,870	—
Municipal securities-tax exempt	13,704	—	13,704	—
Municipal securities-taxable	3,386	—	3,386	—
Corporate Bonds	3,149	—	3,149	—
Total securities available-for-sale	\$ 119,983	\$ —	\$ 119,983	\$ —
Derivatives	\$ —	\$ —	\$ —	\$ —
Liabilities				
Derivatives	\$ —	\$ —	\$ —	\$ —

The Company did not have any transfers between Level 1, Level 2, and Level 3 of the fair value hierarchy during the fifteen months and year ended December 31, 2024 and September 30, 2023. The Company's policy for determining transfers between levels occurs at the end of the reporting period when circumstances in the underlying valuation criteria change and result in a transfer between levels.

Westbury Bancorp, Inc and Subsidiary
Notes to Consolidated Financial Statements
Dollars in Thousands

Assets recorded at fair value on a nonrecurring basis: The Company may be required, from time to time, to measure certain instruments at fair value on a nonrecurring basis in accordance with U.S. generally accepted accounting principles.

Collateral dependent loans: The Company does not record loans at fair value on a recurring basis. The specific reserves for collateral-dependent impaired loans are based on the fair value of the collateral less estimated costs to sell. The fair value of collateral is determined based on appraisals. In some cases, adjustments were made to the appraised values due to various factors including age of the appraisal, age of comparables included in the appraisal, and known changes in the market and in the collateral. When significant adjustments were based on unobservable inputs, the resulting fair value measurement has been categorized as a Level 3 measurement. Collateral dependent loans with a carrying amount of \$0 and \$0 have a valuation allowance of \$0 and \$0 included in the allowance for credit losses as of December 31, 2024 and September 30, 2023, respectively.

Foreclosed real estate: The Company does not record foreclosed real estate owned at a fair value on a recurring basis. The fair value of foreclosed real estate was determined using Level 3 inputs based on appraisals or broker pricing opinions. In some cases, adjustments were made to these values due to various factors including the age of the appraisal, age of comparables included in the appraisal, and known changes in the market and in collateral. Foreclosed real estate is measured at fair value less estimated costs to sell at the date of foreclosure. Subsequent to foreclosure, additional writedowns may be recorded based on changes to the fair value of the assets.

Mortgage servicing rights: Mortgage servicing rights (MSRs) do not trade in an active, open market with readily observable prices. While sales of MSRs do occur, the precise terms and conditions typically are not readily available. Accordingly, the Company estimates the fair value of MSRs using discounted cash flow models incorporating numerous assumptions from the perspective of market participants including servicing income, servicing costs, market discount rates, prepayment speeds, and default rates. Due to the nature of the valuation inputs, MSRs are classified within Level 3 of the valuation hierarchy. As of December 31, 2024, mortgage servicing rights with a carrying amount of \$0 have a valuation allowance of \$0 to reflect their fair value of \$0. As of September 30, 2023, mortgage servicing rights with a carrying amount of \$108 have a valuation allowance of \$0 to reflect their fair value of \$108.

Westbury Bancorp, Inc and Subsidiary
Notes to Consolidated Financial Statements
Dollars in Thousands

	Fair Value Measurements			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
December 31, 2024				
Assets				
Collateral dependent loans	\$—	\$—	\$—	\$—
Foreclosed real estate	—	—	—	—
Mortgage servicing rights	—	—	—	—

	Fair Value Measurements			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
September 30, 2023				
Assets				
Impaired loans	\$ —	\$ —	\$ —	\$ —
Foreclosed real estate	—	—	—	—
Mortgage servicing rights	108	—	—	108

Disclosure of fair value information about financial instruments, for which it is practicable to estimate that value, is required whether or not recognized in the accompanying consolidated balance sheets. 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. In that regard, 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 instruments. Certain financial instruments with a fair value that is not practicable to estimate and all non-financial instruments are excluded from the disclosure requirements. Accordingly, the aggregate fair value amounts presented do not necessarily represent the underlying value of the Company for assets and liabilities not previously described. The Company, in estimating its fair value disclosures for financial instruments not described above, used the following methods and assumptions:

Cash and cash equivalents: The carrying amounts of cash and cash equivalents reported in the accompanying consolidated balance sheets approximated those assets' fair values.

Securities held to maturity: The fair values of securities held to maturity are based on quoted market prices for similar securities, adjusted for differences in security characteristics.

Loans: For variable-rate mortgage loans that re-price frequently and with no significant change in credit risk, fair values are based on carrying values. The fair values for fixed rate residential mortgage loans are based on quoted market prices for similar loans sold in conjunction with sale transactions, adjusted for differences in loan characteristics. The fair values for commercial real estate loans, rental property mortgage loans, and consumer and other loans are estimated using discounted cash flow analyses and using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality.

Loans held for sale: Fair value of loans held for sale are based on commitments on hand from investors or prevailing market prices.

Westbury Bancorp, Inc and Subsidiary
Notes to Consolidated Financial Statements
Dollars in Thousands

Federal Home Loan Bank stock: The carrying amount of FHLB stock approximates its fair value based on the redemption provisions of the FHLB.

Accrued interest receivable and payable: The carrying amounts of accrued interest receivable and payable approximate their fair values.

Deposits: The fair value disclosed for interest-bearing and non-interest-bearing checking accounts, savings accounts, and money market accounts are equal to the amount payable on demand at the reporting date (i.e., their carrying amounts). The fair values of fixed rate certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered on certificates to a schedule of aggregated expected monthly maturities of the outstanding certificates of deposit.

Advances from the Federal Home Loan Bank and bank term debt: The fair values of long term FHLB advances and bank term debt are estimated using discounted cash flow analyses, based on the Company's current incremental borrowing rates for similar types of borrowing arrangements. The carrying amounts of short term FHLB advances reported in the accompanying consolidated balance sheets approximated those liabilities' fair values.

Advance payments by borrowers for property taxes and insurance: The carrying amounts of the advance payments by borrowers for property taxes and insurance approximate their fair values.

Mortgage banking derivatives: The fair value of commitments to originate mortgage loans held for sale is estimated by comparing the Company's cost to acquire mortgages and the current price for similar mortgage loans, taking into account the terms of the commitments and the credit worthiness of the counterparties. The fair value of forward commitments to sell residential mortgage loans is the estimated amount that the Bank would receive or pay to terminate the forward delivery contract at the reporting date based on market prices for similar financial instruments. The fair value of these derivative financial instruments was not material at December 31, 2024 or September 30, 2023.

Westbury Bancorp, Inc and Subsidiary
Notes to Consolidated Financial Statements
Dollars in Thousands

The estimated fair values and related carrying amounts of the Company's financial instruments as of December 31, 2024 and September 30, 2023, are as follows:

		December 31, 2024				
		Carrying Amount	Estimated Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Financial assets:						
Cash and cash equivalents	\$	63,656	\$ 63,656	\$ 63,656	\$ —	\$ —
Securities available for sale		97,840	97,840	—	97,840	—
Securities held to maturity		1,371	1,572	—	1,572	—
Loans, net		608,786	582,183	—	—	582,183
Loans held for sale, net		709	709	—	709	—
Federal Home Loan Bank stock		1,755	1,755	—	—	1,755
Mortgage servicing rights		—	—	—	—	—
Accrued interest receivable		2,449	2,449	2,449	—	—
Financial liabilities:						
Deposits	\$	729,728	\$ 706,317	\$ 241,939	\$ —	\$ 464,378
Short-term advances from Federal Home Loan Bank		—	50,000	50,000	—	—
Long-term advances from Federal Home Loan Bank		—	—	—	—	—
Bank term debt		12,500	12,500	—	—	12,500
Advance payments by borrowers for property taxes and insurance		37	37	37	—	—
Accrued interest payable		1	1	1	—	—
		September 30, 2023				
		Carrying Amount	Estimated Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Financial assets:						
Cash and cash equivalents	\$	18,988	\$ 18,988	\$ 18,988	\$ —	\$ —
Securities available for sale		119,983	119,983	—	119,983	—
Securities held to maturity		1,570	1,572	—	1,572	—
Loans, net		675,250	631,131	—	—	631,131
Loans held for sale, net		601	601	—	601	—
Federal Home Loan Bank stock		1,626	1,626	—	—	1,626
Mortgage servicing rights		108	108	—	—	108
Accrued interest receivable		2,796	2,796	2,796	—	—
Financial liabilities:						
Deposits		729,036	713,685	242,601	—	471,084
Short-term advances from Federal Home Loan Bank		50,000	50,000	50,000	—	—
Long-term advances from Federal Home Loan Bank		—	—	—	—	—
Bank term debt		13,950	13,950	—	—	13,950
Advance payments by borrowers for property taxes and insurance		2,889	2,889	2,889	—	—
Accrued interest payable		25	25	25	—	—

Westbury Bancorp, Inc and Subsidiary
Notes to Consolidated Financial Statements
Dollars in Thousands Except Per Share Data

Note 18. Earnings per Share

Earnings per common share is computed using the two-class method. Basic earnings per common share is computed by dividing net income by the weighted-average number of common shares outstanding, adjusted for weighted average unallocated ESOP shares, during the applicable period, excluding outstanding participating securities. Participating securities include non-vested restricted stock awards. Diluted earnings per share is computed using the weighted-average number of shares determined for the basic earnings per common share computation plus the dilutive effect of stock compensation using the treasury stock method.

The following table presents a reconciliation of the number of shares used in the calculation of basic and diluted earnings per common share (in thousands, except share and per share data).

	Fifteen Months Ended	Year Ended
	December 31, 2024	September 30, 2023
Net income	\$ 8,798	\$ 8,166
Basic potential common shares:		
Weighted average shares outstanding	1,708,161	2,106,191
Weighted average unallocated Employee Stock Ownership Plan shares	—	(1,130)
Basic weighted average shares outstanding	1,708,161	2,105,061
Dilutive effect of equity awards	81,901	91,554
Diluted weighted average shares outstanding	1,790,062	2,196,615
Basic earnings per share	\$ 5.15	\$ 3.88
Diluted earnings per share	\$ 4.91	\$ 3.72

Westbury Bancorp, Inc and Subsidiary
Notes to Consolidated Financial Statements
Dollars in Thousands

Note 19. Condensed Parent Company Financial Information

The condensed financial statements of Westbury Bancorp, Inc. (parent company only) as of, and for, the fifteen months and year ended December 31, 2024 and September 30, 2023, are presented below:

Balance Sheets

	December 31, 2024	September 30, 2023
Assets		
Cash and interest bearing deposits	\$ 1,188	\$ 562
Loan to ESOP	—	—
Investment in subsidiary	71,106	66,005
Other assets	4,523	4,191
Total assets	\$ 76,817	\$ 70,900
Liabilities and Stockholders' Equity		
Bank term debt	\$ 12,500	\$ 13,950
Bank line of credit	—	—
Other liabilities	220	90
Stockholders' equity	64,097	56,860
Total liabilities and stockholders' equity	\$ 76,817	\$ 70,900

Statements of Operations

	Fifteen Months Ended December 31, 2024	Year Ended September 30, 2023
Interest and other income	\$ —	\$ 1
Interest and other expense	1,495	751
Loss before income tax benefit and equity in undistributed net income of subsidiary	(1,495)	(750)
Income tax benefit	(251)	(197)
Loss before equity in undistributed net income of subsidiary	(1,244)	(553)
Equity in undistributed net income of subsidiary	10,042	8,719
Net income	\$ 8,798	\$ 8,166