

TEB BANCORP, INC. AND SUBSIDIARIES

Wauwatosa, Wisconsin

CONSOLIDATED FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Years Ended June 30, 2025 and 2024

Independent Auditors' Report	1
Consolidated Financial Statements	
Consolidated Balance Sheets	3
Consolidated Statements of Operations	4
Consolidated Statements of Comprehensive Loss	5
Consolidated Statements of Changes in Stockholders' Equity	6
Consolidated Statements of Cash Flows	7
Notes to the Consolidated Financial Statements	8



Independent Auditors' Report

To the Stockholders and the Board of Directors of TEB Bancorp Inc.:

Opinion

We have audited the consolidated financial statements of TEB Bancorp, Inc. and its subsidiaries (the Company), which comprise the consolidated balance sheets as of June 30, 2025 and 2024, and the related consolidated statements of operations, comprehensive loss, changes in stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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 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 the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

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 the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Baker Tilly US, LLP

Milwaukee, Wisconsin
September 11, 2025

TEB BANCORP, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	June 30, 2025	June 30, 2024
ASSETS		
Cash and due from banks	\$ 4,476,296	\$ 5,730,891
Federal funds sold	237,677	234,765
Cash and cash equivalents	4,713,973	5,965,656
Interest bearing deposits in banks	36,032	14,199
Available for sale securities - stated at fair value	24,964,456	27,363,579
Loans, less allowance for credit losses of \$2,609,444 and \$2,700,366 at June 30, 2025 and June 30, 2024, respectively	279,848,598	289,774,066
Loans held for sale	1,782,300	480,000
Other real estate owned, net	115,895	—
Right of use asset	421,703	514,383
Pension asset	3,202,546	2,833,316
Premises and equipment, net	6,846,088	7,204,949
Federal Home Loan Bank stock	1,053,100	1,053,100
Accrued interest receivable and other assets	1,910,884	1,857,175
TOTAL ASSETS	\$ 324,895,575	\$ 337,060,423
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits		
Demand	\$ 87,321,902	\$ 86,777,118
Savings and money markets	60,619,150	61,805,957
Certificates of deposit	138,548,910	152,348,020
Total Deposits	286,489,962	300,931,095
Federal Home Loan Bank borrowings	4,000,000	—
Advance payments by borrowers for property taxes and insurance	3,464,607	3,397,760
Lease liability	433,980	526,788
Accrued interest payable and other liabilities	2,273,581	3,622,817
Total Liabilities	296,662,130	308,478,460
STOCKHOLDERS' EQUITY		
Preferred stock (\$0.01 par value, 5,000,000 authorized, no shares issued or outstanding as of June 30, 2025 and June 30, 2024, respectively)	—	—
Common stock (\$0.01 par value, 20,000,000 authorized, 2,624,343 issued and outstanding as of June 30, 2025 and June 30, 2024)	26,243	26,243
Additional paid in capital	11,319,328	11,319,328
Retained earnings	20,050,189	21,363,263
Accumulated other comprehensive loss	(3,162,315)	(4,126,871)
Total Stockholders' Equity	28,233,445	28,581,963
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 324,895,575	\$ 337,060,423

See accompanying notes to consolidated financial statements.

TEB BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the year ended June 30, 2025	For the year ended June 30, 2024
INTEREST AND DIVIDEND INCOME		
Interest and fees on loans	\$ 13,632,401	\$ 13,757,089
Interest and dividends on investment securities	770,355	831,055
Interest on federal funds sold and due from banks	50,471	123,175
Interest on deposits in banks	4,287	3,031
Total Interest and Dividend Income	<u>14,457,514</u>	<u>14,714,350</u>
INTEREST EXPENSE		
Interest on deposits	6,255,436	6,683,803
Interest on Federal Home Loan Bank borrowings	203,728	161,777
Interest on federal funds purchased	455	12
Total Interest Expense	<u>6,459,619</u>	<u>6,845,592</u>
Net interest income before provision for (recapture of) credit losses	7,997,895	7,868,758
Provision for (recapture of) credit losses	—	(175,000)
Net interest income after provision for (recapture of) credit losses	<u>7,997,895</u>	<u>8,043,758</u>
NON-INTEREST INCOME		
Service fees on deposits	312,540	318,380
Service fees on loans	187,437	166,731
Gain on sales of mortgage loans	1,122,001	813,437
Income on sale of uninsured products	815,861	522,455
Other income	16,047	13,603
Total Non-Interest Income	<u>2,453,886</u>	<u>1,834,606</u>
NON-INTEREST EXPENSES		
Compensation and benefits	7,119,125	7,324,835
Occupancy	2,149,943	2,012,628
Advertising	111,875	126,223
Data processing services	1,136,572	1,159,081
FDIC assessment	214,885	194,658
Cost of operations for other real estate owned	6,744	1,466
Insurance expense	97,728	90,673
Professional fees	294,783	256,325
Other expenses	633,175	700,214
Total Non-Interest Expenses	<u>11,764,830</u>	<u>11,866,103</u>
Loss before income taxes	(1,313,049)	(1,987,739)
Income tax expense	25	25
NET LOSS	<u>\$ (1,313,074)</u>	<u>\$ (1,987,764)</u>
Basic loss per share	\$ (0.50)	\$ (0.76)
Diluted loss per share	\$ (0.50)	\$ (0.76)

See accompanying notes to consolidated financial statements.

TEB BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	For the year ended June 30, 2025	For the year ended June 30, 2024
Net loss	\$ (1,313,074)	\$ (1,987,764)
Other comprehensive income, net of tax		
Unrealized gains/losses on securities		
Net unrealized holding gains arising during the year	909,424	455,783
Tax effect	—	—
Change in pension obligation	55,132	1,009,949
Tax effect	—	—
Other comprehensive income, net of tax	964,556	1,465,732
COMPREHENSIVE LOSS	\$ (348,518)	\$ (522,032)

See accompanying notes to consolidated financial statements.

TEB BANCORP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Number of Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
BALANCES - July 1, 2023	2,624,343	\$ 26,243	\$ 11,319,328	\$ 24,701,027	\$ (5,592,603)	\$ 30,453,995
Net loss				(1,987,764)		(1,987,764)
Adoption of ASU 2016-13				(1,350,000)		(1,350,000)
Other Comprehensive Income, net of tax					1,465,732	1,465,732
BALANCES - June 30, 2024	2,624,343	\$ 26,243	\$ 11,319,328	\$ 21,363,263	\$ (4,126,871)	\$ 28,581,963
Net loss				(1,313,074)		(1,313,074)
Other Comprehensive Income, net of tax					964,556	964,556
BALANCES - June 30, 2025	<u>2,624,343</u>	<u>\$ 26,243</u>	<u>\$ 11,319,328</u>	<u>\$ 20,050,189</u>	<u>\$ (3,162,315)</u>	<u>\$ 28,233,445</u>

See accompanying notes to consolidated financial statements.

TEB BANCORP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended June 30, 2025	For the year ended June 30, 2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (1,313,074)	\$ (1,987,764)
Adjustments to reconcile net loss to net cash flows used in operating activities		
Provision for (recapture of) credit losses	—	(175,000)
Depreciation	495,884	487,096
Net amortization and accretion	8,461	10,050
Origination of mortgage loans held for sale	(67,273,534)	(47,224,649)
Proceeds from sales of mortgage loans held for sale	67,093,235	48,560,808
Gain on sale of mortgage loans held for sale	(1,122,001)	(813,437)
Loss on sale or disposal of assets, net	672	—
Right of use asset amortization	92,680	91,018
Changes in assets and liabilities:		
Accrued interest receivable and other assets	(53,709)	803,368
Accrued interest payable and other liabilities	(1,329,018)	292,022
Pension Asset	(369,230)	(1,101,513)
Leases liability	(92,808)	(90,142)
Net cash flows used in operating activities	<u>(3,862,442)</u>	<u>(1,148,143)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturities or calls of securities available for sale	3,300,000	2,930,000
Purchase of securities available for sale	—	(375,000)
Change in loans	9,857,198	5,478,000
Change from purchase of FHLB stock	—	(21,900)
Change in interest bearing deposits in banks	(21,833)	12,372
Capital expenditures on other real estate owned	(12,625)	—
Purchase of premises and equipment, net	(137,695)	(275,716)
Net cash flows provided by investing activities	<u>12,985,045</u>	<u>7,747,756</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net decrease in deposits	(14,441,133)	(5,933,308)
FHLB advance proceeds	1,149,128,000	794,418,000
FHLB advance repayments	(1,145,128,000)	(794,418,000)
Change in advance payments by borrowers for property taxes and insurance	66,847	(36,002)
Net cash flows used in financing activities	<u>(10,374,286)</u>	<u>(5,969,310)</u>
Net Change in Cash and Cash Equivalents	<u>(1,251,683)</u>	<u>630,303</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>5,965,656</u>	<u>5,335,353</u>
CASH AND CASH EQUIVALENTS - END OF PERIOD	<u>\$ 4,713,973</u>	<u>\$ 5,965,656</u>
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Cash paid for interest	\$ 4,687,909	\$ 5,858,930
Loans transferred to other real estate owned	(103,270)	—

See accompanying notes to consolidated financial statements.

TEB BANCORP, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2025 and 2024

NOTE 1 – Summary of Significant Accounting Policies

Organization

On April 30, 2019, The Equitable Bank, S.S.B. (the “Bank”) converted to a stock savings bank and is now organized in the mutual holding company structure. The Bank issued all of its outstanding stock to a new holding company, TEB Bancorp, Inc. (the “Bancorp”), which sold 1,309,547 shares of common stock to the public at \$10.00 per share, representing 49.9% of its outstanding shares of common stock for gross proceeds of approximately \$13.1 million. The net proceeds received were approximately \$11.4 million after offering costs. TEB Bancorp, Inc. is organized as a corporation under the laws of the State of Maryland. The Bank utilized \$100,000 of proceeds received from the offering as initial capitalization of TEB MHC. TEB MHC has been organized as a mutual holding company under the laws of the State of Wisconsin and owns 1,314,796 shares, or 50.1% of the outstanding common stock of TEB Bancorp, Inc.

The Bank is a state-chartered savings bank providing a full range of financial services. The Bank grants commercial, residential and consumer loans, and accepts deposits from customers primarily in the Metropolitan Milwaukee area, which is in southeastern Wisconsin. The Bank is subject to competition from other financial institutions and nonfinancial institutions providing financial products. Additionally, the Bank is subject to the regulations of certain regulatory agencies and undergoes periodic examination by those regulatory agencies.

All depositors who had liquidation rights with respect to the Bank as of the effective date of the reorganization continue to have such rights solely with respect to TEB MHC so long as they continue to hold their deposit accounts with the Bank. In addition, all persons who become depositors of the Bank subsequent to the reorganization will have such liquidation rights with respect to TEB MHC.

At June 30, 2025, the significant assets of TEB Bancorp, Inc. were the capital stock of the Bank and a deposit account held at the Bank. The liabilities of TEB Bancorp, Inc. were insignificant. The Company is subject to regulation and examination by the Board of Governors of the Federal Reserve System (the “Federal Reserve Board”).

Effective May 7, 2022, the Company is no longer subject to the financial reporting requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

Principles of Consolidation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and include the accounts and operations of TEB Bancorp, Inc. and its wholly-owned subsidiaries, the Bank, Equitable Investment Corp., and Equity Credit Corp. (the “Company”). All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

In preparing the consolidated financial statements in conformity with U.S. GAAP, management of the Company is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated balance sheet and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for credit losses, the pension actuarial assumptions, and the valuation of deferred tax assets.

Revenue Recognition

Accounting Standards Codification (“ASC”) 606, Revenue from Contracts with Customers (“ASC 606”), establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts to provide goods or services recognized as performance obligations are satisfied.

TEB BANCORP, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2025 and 2024

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

Service charges and other fees The Company earns fees from its deposit customers for transaction-based, account maintenance, and overdraft services. Management reviewed the deposit account agreements and determined that the agreements can be terminated at any time by either the Company or the account holder. Transaction fees, such as wires and overdraft charges, are settled the day the performance obligation is satisfied. The Company's monthly service charges and maintenance fees are for services provided to the customer on a monthly basis and are considered a series of services that have the same pattern of transfer each month. The review of service charges assessed on deposit accounts included the amount of variable consideration that is a part of the monthly charges. It was found that the waiver of service charges due to insufficient funds and dormant account fees is immaterial and did not require a change in the accounting treatment for these fees under the new revenue standards.

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

Cash and Due From Banks

For purposes of reporting cash flows, cash and cash equivalents include cash and balances due from banks and federal funds sold, all of which mature within 90 days. The Company maintains amounts due from banks, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts.

Interest Bearing Deposits in Banks

Interest bearing deposits in banks mature within one year and are carried at cost, which approximates fair value.

Securities

Available for sale securities are stated at fair value and unrealized holding gains and losses on available for sale securities are reported as accumulated other comprehensive income (loss), net of applicable deferred income tax and adjusted for any applicable valuation allowance, a separate component of equity. Gains or losses on the sale of securities, if any, are determined on the specific identification method and recorded in the non-interest income section of the Statements of Operations. Securities transactions are recorded on the trade date.

Allowance for Credit Losses – Available for Sale Securities

For available for sale securities in an unrealized loss position, the Company first assesses whether it intends to sell, or it is more 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 Company will write down the security to fair value as a component of current period earnings. For available for sale securities that do not meet either of these criteria, the Company determines whether the decline in value has resulted from credit losses or other factors. This evaluation takes into consideration current market conditions, issuer rating changes and trends, the credit worthiness of the obligator of the security, current analysts' evaluations, and failure of the issuer to make scheduled interest or principal payments. If the Company determines a credit loss exists, the present value of cash flows expected to be collected are compared to the amortized cost of the security. If the present value of cash flows expected to be collected are less than the amortized cost, an allowance for credit losses is recorded, which is limited by the amount the fair value is less than the amortized cost basis. Any impairment that is not recorded through an allowance for credit losses is recognized in other comprehensive income (loss). Accrued interest on available for sale securities totaled \$197,685 as of June 30, 2025 and \$202,846 as of June 30, 2024 and is excluded from the estimate of credit losses. Changes in the

TEB BANCORP, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2025 and 2024

allowance for credit losses on investments are recorded as a provision for, or recapture of, credit loss. Losses are charged against the allowance when management believes the security is uncollectible or when either of the criteria regarding intent or requirement to sell is met.

Loans

Loans are carried at the unpaid principal balance adjusted for deferred loan fees and costs and charge-offs, reduced for the allowance for credit losses. Loan origination and commitment fees and certain direct loan origination costs are deferred and the net amounts amortized as an adjustment of the related loan's yield over the contractual life of the related loan.

Interest on loans is accrued on the unpaid principal balances as earned. Loans are normally placed on nonaccrual status when contractually past due 90 days or more as to interest or principal payments. Additionally, whenever management becomes aware of facts or circumstances that may adversely impact the collectability of principal or interest on a loan, it is management's practice to place such loan on nonaccrual status immediately, rather than delaying such action until the loan becomes 90 days past due. When a loan is placed on nonaccrual, previously accrued and uncollected interest on such loan is reversed, amortization of related loan fees is suspended, and income is recorded only to the extent that loan payments are subsequently received in cash and a determination has been made that the principal balance of the loan is collectible. If collectability of the principal is in doubt, payments received are applied to loan principal.

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

Loans Held for Sale

Loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated market value in the aggregate. Net unrealized losses are recognized through a valuation allowance by charges to operations. All sales are made without recourse.

Allowance for Credit Losses - Loans

Under the current expected credit loss ("CECL") model, the allowance for credit losses ("ACL") is a valuation allowance that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged off against the allowance when management believes the uncollectibility of a loan balance is confirmed.

Management estimates the ACL balance using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, delinquency level, or term as well as changes in environmental conditions, such as changes in unemployment rates, property values, or other relevant factors.

The Company measures the ACL of financial assets on a collective portfolio segment basis when the financial assets share similar risk characteristics. The Company has identified the following portfolio segments of financial assets with similar risk characteristics for measuring expected credit losses:

1-4 family residential:

1-4 family residential (1st lien): The exposures in this category consist of loans secured by both owner-occupied and non-owner-occupied dwellings. These loans are generally to individuals and are underwritten by evaluating the credit history of the borrower, the ability of the borrower to meet the debt service requirements of the loan and total debt obligations, the underlying collateral, and the loan to collateral

TEB BANCORP, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2025 and 2024

value. Residential real estate loans are affected by the local residential real estate market, the local economy, and, for variable rate mortgages, movement in indices tied to these loans.

1-4 family residential (Jr. lien): The exposures in this category consist of loans secured by 1-4 family dwellings with the Bank having a subordinate lien position. The loans are primarily home equity loans. These loans are generally to individuals and are underwritten by evaluating the credit history of the borrower, the ability of the borrower to meet the debt service requirements of the loan and total debt obligations, the underlying collateral, and the loan to collateral value.

1-4 family revolving: The exposures in this category consist of loans secured by 1-4 family dwellings that have a revolving structure, home equity lines of credit. These loans are generally to individuals and are underwritten by evaluating the credit history of the borrower, the ability of the borrower to meet the debt service requirements of the loan and total debt obligations, the underlying collateral, and the loan to collateral value.

Multifamily: Exposures in this category consist of loans secured by multifamily structures having at least five dwelling units. Multifamily loans are made based primarily on the historical and projected cash flow of the subject multifamily property, with assumptions made for vacancy rates. Cash flows and ultimate loan performance rely on the receipt of rental income from the tenants of the property, who are themselves subject to fluctuations in national and local economic and unemployment trends.

1-4 family residential construction: Exposures in this category consist of construction loans for both owner-occupied and non-owner-occupied dwellings. These loans are generally to individuals and are underwritten by evaluating the credit history of the borrower, the ability of the borrower to meet the debt service requirements of the loan and total debt obligations, the underlying collateral, and the loan to collateral value.

Other construction, development, and land: Exposures in this category consist of loans secured by land and/or properties in construction, excluding 1-4 family dwellings. Repayment of these loans can be dependent on the sale of the property to third parties or the successful completion of the improvements by the builder for the end user. Construction loans also run the risk that improvements will not be completed on time or in accordance with specifications and projected costs.

Nonfarm nonresidential:

Owner-occupied nonfarm nonresidential: Exposures in this category consist of loans secured by commercial real estate properties tenanted by the owner. Financial information is obtained from borrowers to evaluate cash flow sufficiency to service debt and is periodically updated during the life of the loan. Loan performance may be adversely affected by factors impacting the general economy or conditions specific to the underlying business.

Other nonfarm nonresidential: Exposures in this category consist of loans secured by commercial real estate properties leased out to a third party by the owner. Most loans in this category are self-storage facilities and assisted living facilities. Financial information is obtained from borrowers to evaluate cash flow sufficiency to service debt and is periodically updated during the life of the loan. Loan performance may be adversely affected by factors impacting the general economy or conditions specific to the real estate market, such as geographic location and/or property type.

Commercial and industrial: Exposures in this category consist of loans to business customers and do not have a real estate component, such as lines of credit or equipment loans. Financial information is obtained from borrowers to evaluate cash flow sufficiency to service debt and is periodically updated during the life of the loan. Loan performance may be adversely affected by factors impacting the general economy or conditions specific to the underlying business.

Consumer loans:

Credit card loans: Exposures in this category consist of customer credit card balances.

Auto loans: Exposures in this category consist of customer auto loan balances.

TEB BANCORP, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2025 and 2024

Other consumer loans: Exposures in this category consist of non-secured loans to consumers.

Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are not also included in the collective evaluation. When management determines that foreclosure is probable, expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate. Collateral dependent loans refer to loans where the borrower is experiencing financial difficulties, and repayment is expected to be provided substantially through the operation or sale of the collateral. All individually evaluated loans are considered collateral dependent.

Expected credit losses are estimated over the contractual term of the loans, adjusted for expected prepayments when appropriate. 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 estimated remaining life of each pool is determined using the Company's loan-level historical data. The Company's historical call report data is utilized for historical loss rate calculations, and the lookback period for each collectively evaluated loan pool is determined by management based upon the estimated remaining life of the pool adjusted by estimated prepayment factors. Forecasted historical loss rates are calculated using the Company's historical data based on the lookback period determined by management.

The quantitative analysis described above is supplemented with other qualitative factors based on the risks present for each collectively evaluated loan pool. Qualitative factor adjustments may increase or decrease management's estimate of expected credit losses. Adjustments will not be made for information that has already been considered and included in the quantitative component. Qualitative loss factors are based on management's judgment of company, market, industry or business specific data, changes in loan composition, performance trends, regulatory changes, and other asset-specific risk characteristics.

The Company excludes accrued interest receivable from the amortized cost basis of loans when estimating credit losses and when presenting required disclosures in the consolidated financial statements. Accrued interest on loans totaling \$954,372 at June 30, 2025 and \$955,219 at June 30, 2024 was excluded from the amortized cost basis of loans and is included in accrued interest receivable on the consolidated balance sheet.

Other Real Estate Owned, Net

Other real estate owned is initially recorded at the fair market value of the real estate acquired less the estimated costs to sell the real estate at the date title is received, establishing a new cost basis, with any write-down charged to the ACL. Costs relating to development or improvement of property are capitalized up to the fair value of the property. Valuations are periodically performed by management and independent third parties and a charge to expense is taken if the carrying value of a property exceeds its fair value less estimated costs to sell. Income and expense related to the operations of other real estate owned is recorded net in "Cost of operations of other real estate owned" as a component of non-interest expenses on the consolidated statements of operations. Gains and losses on the sale of other real estate owned are recorded in "Gain on sale of other real estate owned" as a component of non-interest income in the consolidated statements of operations.

Leases

The Company is the lessee in two lease contracts for real estate which are determined to be operating leases. The Company records leases on the consolidated balance sheets in the form of a right of use asset, which represents our right to use an underlying asset for the lease term, and lease liabilities, which represent our obligation to make lease payments arising from the lease, both of which are recognized based on the present value of the future minimum lease payments over the lease term, including all extension options, at the date of adoption and any subsequent lease extensions or commencements. The discount rate used in determining the lease liability is based upon incremental borrowing rates the Company could obtain for similar loans as of the date of commencement, or as of the date of adoption if the commencement date of the lease is prior to this date, or renewal. Leases with a lease term of 12 months or less at inception are not recorded on the Company's consolidated balance sheet and are expensed on a straight-line basis over the the lease term in the Company's consolidated statements of operations.

TEB BANCORP, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2025 and 2024

Premises and Equipment, Net

Premises and equipment are recorded at cost less accumulated depreciation and amortization. Depreciation and amortization expense is provided on the straight-line method over the estimated useful life of the asset for financial reporting purposes, and the straight-line and accelerated methods for income tax purposes. Amortization of leasehold improvements is provided on the straight-line method over the lesser of the term of the respective lease or the estimated economic life of the improvements.

Federal Home Loan Bank Stock

The Bank is a member of the Federal Home Loan Bank (“FHLB”) system. Members are required to own a certain amount of FHLB stock based on the Bank’s level of borrowings from the FHLB and other factors, and may invest in additional amounts of FHLB stock. The Bank’s investment in FHLB of Chicago stock meets the minimum amount required by current regulations and is carried at cost, which approximates fair value. FHLB stock is evaluated quarterly for impairment. Based on management’s evaluation, no impairment has been recorded on these securities. Both cash and stock dividends are reported as income.

Defined Benefit Pension Plan

The Bank has a defined benefit pension plan (the “Plan”) covering substantially all of its employees hired prior to March 31, 2012. The benefits are based on years of service and the employee’s average monthly pay received during the five highest consecutive calendar years in the last 10 years of employment under the Plan. Management contributes annually the amounts necessary to provide for defined benefit payments upon retirement or death as determined by the Plan’s actuary. The Plan was frozen effective March 31, 2012 for all employees. No additional benefits are being accrued for active participants after that date and no new participants will be entered into the Plan.

The Bank records annual amounts relating to the Plan based on calculations that incorporate various actuarial and other assumptions including discount rates, mortality, assumed rates of return, compensation increases, and turnover rates. The Bank reviews its assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends where appropriate to do so. The effect of modifications to those assumptions is recorded in accumulated other comprehensive income (loss) and amortized to net periodic pension cost over future periods. The Bank believes that the assumptions utilized in recording its obligations under its plan are reasonable based on its experience and market conditions.

Comprehensive Loss

U.S. GAAP generally requires that recognized revenue, expenses, gains, and losses be included in income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available for sale securities, are reported as a separate component of the equity section and changes in the funded status of the pension plan, such items, along with net loss are components of comprehensive loss.

Income Taxes

Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. 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.

The Company recognizes the tax effects from an uncertain tax position in the consolidated financial statements only if the position is more likely than not to be sustained on audit, based on the technical merits of the position. The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position

TEB BANCORP, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2025 and 2024

following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the consolidated financial statements is the largest benefit that has a greater than 50% likelihood of being realized, upon ultimate settlement with the relevant tax authority. The Company recognizes interest and penalties accrued or released related to uncertain tax positions in current income tax expense or benefit.

Transfers of Financial Assets

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

Advertising

Advertising costs are accrued and expensed in the period incurred.

Off-Balance Sheet Financial Instruments

In the ordinary course of business, the Bank has entered into off-balance-sheet financial instruments consisting of commitments to extend credit, commitments under credit card arrangements, commercial letters of credit and standby letters of credit. Such financial instruments are recorded in the consolidated financial statements when they are funded or related fees are incurred or received.

Allowance for Credit Losses on Off-Balance Sheet Credit Exposures

The Company records an ACL on off-balance sheet credit exposures through a charge to provision for credit losses for off-balance sheet credit exposures that are not unconditionally cancellable by the Company. The ACL on off-balance sheet credit exposures is estimated by portfolio segment under the CECL model using the same methodologies as portfolio loans, taking into consideration management's assumption of the likelihood that funding will occur, and is included in other liabilities on the Company's Consolidated Balance Sheets.

Segments

Segments are components of a Company that have discrete financial information available and are regularly evaluated by a chief operating decision maker ("CODM") to assess performance and decide how resources are allocated. Substantially all of the Company's operations occur through the Bank and involve the delivery of loan and deposit products to customers. Management makes operating decisions and assesses performance based on an ongoing review of its banking operation, which constitutes the Company's only operating segment for financial reporting purposes. The Company's one reportable segment is determined by our President and Chief Executive Officer, who is designated the CODM, based upon information provided about the Company's products and services offered, primarily community banking operations. The CODM manages business activities on a consolidated basis and uses consolidated net loss, as reported on the consolidated financial statements of operations, to evaluate financial performance, allocate resources, and monitor budget versus actuals. The competitive analysis along with the monitoring of budgeted versus actual results are used in assessing performance of the segment and in establishing management's compensation. The measure of segment assets is reported on the consolidated balance sheets as total assets at June 30, 2025 and 2024.

Reclassification

Certain amounts in the June 30, 2024 consolidated financial statements have been reclassified to conform to the June 30, 2025 presentation. Such reclassifications had no effect on reported net loss.

TEB BANCORP, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2025 and 2024

Subsequent Events

Management has reviewed the Company's operations for potential disclosure or financial statement impacts related to events occurring after June 30, 2025, but prior to the release of these financial statements. Based on the results of this review, no subsequent event disclosure or financial statement impacts to these financial statements are required as of September 11, 2025.

Recent Accounting Pronouncements

The Financial Accounting Standards Board (FASB) issues Accounting Standards Updates ("ASU"s) to the FASB ASC. This section provides a summary description of recent ASUs that had or that management expects may have an impact on the consolidated financial statements issued upon adoption.

Recently Adopted Accounting Pronouncements

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting – Improvements to Reportable Segment Disclosures (Topic 280)." This ASU requires disclosure of incremental segment information on an annual basis for all public business entities, including entities with one reportable segment. Such incremental disclosures include information about significant segment expenses, how chief operating decision makers (CODM) measure a segment's profit or loss, and qualitative information about how a CODM assesses segment performance. The Company adopted the provisions of the ASU effective July 1, 2024. As the Company has only one reportable segment (community banking segment), this ASU did not have a material effect on the Company's consolidated financial statements.

Recently Issued, But Not Yet Effective Accounting Pronouncements

In December 2023, the FASB issued ASU no. 2023-09, "Income Taxes (Topic 740)". ASU No. 2023-09 requires presentation of specific categories of reconciling items, as well as reconciling items that meet a quantitative threshold, in the reconciliation between the income tax provision and the income tax provision using statutory tax rates. The standard also requires disclosure of income taxes paid disaggregated by jurisdiction with separate disclosure of income taxes paid to individual jurisdictions that meet a quantitative threshold. The amendments in this accounting standard are effective for fiscal years beginning after December 15, 2025. The Company does not expect it to have a material impact on its consolidated financial statements.

In November 2024, the FASB issued ASU no. 2024-03, "Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40)." Under ASU 2024-03, public business entities are required to disclose disaggregated information about certain costs and expenses in the notes to their financial statements. The amendments in this accounting standard are effective for fiscal years beginning after December 15, 2026. The Company does not expect it to have a material impact on its consolidated financial statements.

NOTE 2 – Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer liabilities in an orderly transaction between market participants at the measurement date (exit price) and establishes a framework for measuring fair value.

To determine fair value, the Company utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. The Company is able to classify fair value balances based on the observability of those inputs. The guidance establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

TEB BANCORP, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2025 and 2024

- > Level 1 - Fair value is based upon quoted prices (unadjusted) for identical assets or liabilities in active markets. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 primarily consists of financial instruments such as listed equities and U.S. Treasury securities.
- > Level 2 - Fair value is based upon quoted prices for similar, but not identical, assets and liabilities in active markets, and other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. This also includes quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data.
- > Level 3 - Fair value is based upon financial models using primarily unobservable inputs. Unobservable inputs reflect the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Assets

Available for sale securities Where quoted prices for securities are available in an active market, those securities are classified within Level 1 of the valuation hierarchy. If such quoted market prices are not available, then fair values are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. Examples of securities with similar characteristics, which would generally be classified within Level 2 of the valuation hierarchy, include certain AAA-rated U.S. government sponsored agency securities, municipal obligations, and mortgage-backed securities. A security using financial models based upon primarily unobservable inputs, such as commercial paper, would generally be classified within Level 3 of the valuation hierarchy.

Loans The Company does not record loans at fair value on a recurring basis. However, from time to time, a loan is individually evaluated and an ACL may be established. Loans for which it is probable that payment of interest and principal will not be made in accordance with the contractual terms of the loan agreement are individually evaluated. Once a loan is individually evaluated, management measures impairment. The fair value of individually evaluated loans is estimated using one of several methods, including collateral value, market value of similar debt, enterprise value, or liquidation value and discounted cash flows. Those individually evaluated loans not requiring an allowance represent loans for which the fair value of the collateral exceeds the recorded investments in such loans and for which carrying amount will remain at amortized cost. Individually evaluated loans where an allowance is established based on the fair value of collateral or expected cash flows require classification in the fair value hierarchy. When the fair value of the collateral is based on an observable market price or a current appraised value, less selling costs, the Company records the individually evaluated loan as a non-recurring Level 3 valuation.

Other real estate owned, net Assets on which the underlying collateral has been repossessed are initially recorded at the fair market value of the real estate acquired less estimated costs to sell, establishing a new cost basis.

Subsequently, other real estate owned is carried at the lower of carrying value or fair value. Fair value is based upon independent market prices, appraised values of the collateral or management's estimation of the value of the collateral. When the fair value of the collateral is based on an observable market price or a current appraised value, less selling costs, the Company records the repossessed asset as a non-recurring Level 3 valuation.

The following tables set forth, by level within the fair value hierarchy, the Company's financial assets that were accounted for at fair value on a recurring and non-recurring basis as of June 30, 2025 and 2024, respectively. According to fair value guidance, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to their fair value measurement. The

TEB BANCORP, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2025 and 2024

Company's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

The following table presents assets measured at fair value on a recurring basis:

	Fair Value as of June 30, 2025			Total
	Level 1	Level 2	Level 3	
Securities classified as available for sale:				
Obligations of states and political subdivisions	\$ —	\$ 20,475,317	\$ —	\$ 20,475,317
US government agency obligations	—	3,961,196	—	3,961,196
Municipal leases	—	527,943	—	527,943
Total	\$ —	\$ 24,964,456	\$ —	\$ 24,964,456

	Fair Value as of June 30, 2024			Total
	Level 1	Level 2	Level 3	
Securities classified as available for sale:				
Obligations of states and political subdivisions	\$ —	\$ 21,764,679	\$ —	\$ 21,764,679
US government agency obligations	—	4,750,572	—	4,750,572
Municipal leases	—	848,328	—	848,328
Total	\$ —	\$ 27,363,579	\$ —	\$ 27,363,579

Assets measured at fair value on non-recurring basis:

	Fair Value as of June 30, 2025			Total
	Level 1	Level 2	Level 3	
Other real estate owned, net	—	—	103,270	103,270
Total	\$ —	\$ —	\$ 103,270	\$ 103,270

Other real estate owned with carrying amounts of \$103,270 were determined, as shown in the table above, to have a fair value of \$103,270 as of June 30, 2025. In addition, capital expenditures of \$12,625 were incurred during the year, which increased the carrying amount of other real estate owned to \$115,895 as of June 30, 2025.

There were no assets measured at fair value on a non-recurring basis as of June 30, 2024.

The following present quantitative information about nonrecurring Level 3 fair value measurements:

	As of June 30, 2025			Range/Weighted Average
	Fair Value	Valuation Technique	Unobservable Input(s)	
Other real estate owned, net	\$ 103,270	Market price or appraised value	Discount on appraised values for selling costs	5% - 15%

There were no non-recurring level 3 fair value measurements as of June 30, 2024.

Financial Disclosures about Fair Value of Financial Instruments

Accounting guidance requires disclosures of the estimated fair value of certain financial instruments and the methods and significant assumptions used to estimate their fair values. Certain financial instruments and all non-financial instruments are excluded from the scope of the guidance.

TEB BANCORP, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2025 and 2024

The estimated fair values of financial instruments are as follows:

	June 30, 2025		June 30, 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
FINANCIAL ASSETS				
Cash and cash equivalents	\$ 4,713,973	\$ 4,713,973	\$ 5,965,656	\$ 5,965,656
Interest bearing deposits in banks	\$ 36,032	\$ 36,032	\$ 14,199	\$ 14,199
Available for sale securities	\$ 24,964,456	\$ 24,964,456	\$ 27,363,579	\$ 27,363,579
Loans, net	\$ 279,848,598	\$ 268,865,598	\$ 289,774,066	\$ 264,811,952
Loans held for sale	\$ 1,782,300	\$ 1,782,300	\$ 480,000	\$ 480,000
Federal Home Loan Bank stock	\$ 1,053,100	\$ 1,053,100	\$ 1,053,100	\$ 1,053,100
Accrued interest receivable	\$ 1,154,187	\$ 1,154,187	\$ 1,160,933	\$ 1,160,933
FINANCIAL LIABILITIES				
Deposits	\$ 286,489,962	\$ 285,878,962	\$ 300,931,095	\$ 300,313,095
Federal Home Loan Bank borrowings	\$ 4,000,000	\$ 4,000,000	\$ —	\$ —
Accrued interest payable	\$ 520,448	\$ 520,448	\$ 1,160,742	\$ 1,160,742

The methods and assumptions that were used to estimate the fair value of financial assets and financial liabilities that are measured at fair value on a recurring and non-recurring basis have been previously disclosed. The following methods and assumptions were used to estimate the fair value of other financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents – Due to their short term nature, the carrying amount of cash equivalents approximates fair value and is categorized in level 1 of the fair value hierarchy.

Interest bearing deposits in banks – The carrying amount approximates fair value and is categorized in level 2 of the fair value hierarchy.

Available for sale securities – The fair value is estimated using quoted market prices or by using pricing models and is categorized in level 2 of the fair value hierarchy.

Loans – The fair value of variable rate loans that reprice frequently are based on carrying values. The fair value of other loans is estimated by discounting future cash flows using current rates at which similar loans would be made to borrowers with similar credit ratings and is categorized in level 3 of the fair value hierarchy.

Loans held for sale – Fair value is based on commitments on hand from investors or prevailing market prices and is categorized in level 2 of the fair value hierarchy.

Federal Home Loan Bank stock – No secondary market exists for FHLB stock. The stock is bought and sold at par by the FHLB and management believes the carrying amount approximates fair value and is categorized in level 2 of the fair value hierarchy.

Accrued interest receivable – Due to their short term nature, the carrying amount approximates fair value and is categorized in level 1 of the fair value hierarchy.

Deposits – Fair value of deposits with no stated maturity, such as demand deposits, savings, and money market accounts, by definition, is the amount payable on demand on the reporting date. Fair value of fixed rate time deposits is estimated using discounted cash flows applying interest rates currently offered on similar time deposits. Deposits are categorized in level 3 of the fair value hierarchy.

Federal Home Loan Bank borrowings – The carrying amount approximates fair value and is categorized in level 2 of the fair value hierarchy.

TEB BANCORP, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2025 and 2024

Accrued interest payable – Due to their short term nature, the carrying amount approximates fair value and is categorized in level 1 of the fair value hierarchy.

The estimated fair value of fee income on letters of credit at June 30, 2025 and 2024 is insignificant. Loan commitments on which the committed interest rate is less than the current market rate are also insignificant at June 30, 2025 and 2024.

NOTE 3 – Cash and Due From Banks

The Federal Reserve Board reduced reserve requirements to U.S. banks to 0%. Accordingly, the Bank had no required reserves with the Federal Reserve Bank of Chicago at June 30, 2025 and 2024.

NOTE 4 – Available for Sale Securities

Amortized costs and fair values of available for sale securities are summarized as follows:

	June 30, 2025			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Obligations of states and political subdivisions	\$ 23,664,071	\$ —	\$ 3,188,754	\$ 20,475,317
U.S. government agency obligations	4,142,742	—	181,546	3,961,196
Municipal leases	642,398	—	114,455	527,943
	\$ 28,449,211	\$ —	\$ 3,484,755	\$ 24,964,456

	June 30, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Obligations of states and political subdivisions	\$ 25,625,335	\$ —	\$ 3,860,656	\$ 21,764,679
U.S. government agency obligations	5,142,678	—	392,106	4,750,572
Municipal leases	989,745	—	141,417	848,328
	\$ 31,757,758	\$ —	\$ 4,394,179	\$ 27,363,579

The following tables present the portion of the Company’s available for sale securities portfolio which has gross unrealized losses, reflecting the length of time that individual securities have been in a continuous unrealized loss position:

	June 30, 2025					
	Continuous Unrealized Losses Existing for Less Than 12 Months		Continuous Unrealized Losses Existing for 12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Obligations of states and political subdivisions	\$ 1,529,026	\$ 115,974	\$ 18,946,291	\$ 3,072,780	\$ 20,475,317	\$ 3,188,754
U.S. government agency obligations	—	—	3,961,196	181,546	3,961,196	181,546
Municipal leases	—	—	527,943	114,455	527,943	114,455
	\$ 1,529,026	\$ 115,974	\$ 23,435,430	\$ 3,368,781	\$ 24,964,456	\$ 3,484,755

TEB BANCORP, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2025 and 2024

	June 30, 2024					
	Continuous Unrealized Losses Existing for Less Than 12 Months		Continuous Unrealized Losses Existing for 12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Obligations of states and political subdivisions	\$ 221,944	\$ 42,417	\$ 21,542,735	\$ 3,818,239	\$ 21,764,679	\$ 3,860,656
U.S. government agency obligations	—	—	4,750,572	392,106	4,750,572	392,106
Municipal leases	—	—	848,328	141,417	848,328	141,417
	<u>\$ 221,944</u>	<u>\$ 42,417</u>	<u>\$ 27,141,635</u>	<u>\$ 4,351,762</u>	<u>\$ 27,363,579</u>	<u>\$ 4,394,179</u>

The Company held \$23.4 million, comprised of 97 securities, and \$27.1 million, comprised of 112 securities, in obligations of state and political subdivisions, agencies, and municipal leases at June 30, 2025 and 2024, respectively, that have an unrealized loss existing for 12 months or greater. Management believes the temporary impairment in fair value was caused by market fluctuations in interest rates. Although these securities are classified as available for sale, management does not have the intent to sell the security and it is more likely than not it will be able to hold the security through a recovery period or until maturity and therefore the Company has determined that no allowance for credit losses was required on available for sale securities as of June 30, 2025 and 2024.

The amortized cost and fair value of available for sale securities as of June 30, 2025 are shown below by contractual maturity.

	Amortized Cost	Fair Value
Due in one year or less	\$ 2,509,831	\$ 2,466,669
Due after one year through 5 years	6,413,441	6,101,929
Due after 5 years through 10 years	12,847,772	10,862,202
Due after 10 years	6,678,167	5,533,656
Total	<u>\$ 28,449,211</u>	<u>\$ 24,964,456</u>

During the years ended June 30, 2025 and June 30, 2024, the Company did not sell any available for sale securities. The Company did not have any available for sale securities pledged at June 30, 2025 and June 30, 2024 as collateral on public deposits or for other purposes as required or permitted by law.

NOTE 5 – Loans

Major classifications of loans are as follows:

	June 30, 2025	June 30, 2024
1-4 family residential	\$ 137,550,311	\$ 142,867,311
Multifamily	105,289,370	114,825,647
1-4 family residential construction	5,437,913	1,234,411
Other construction, development & land	6,408,222	3,529,518
Nonfarm nonresidential	23,921,871	27,616,634
Commercial & industrial	3,667,572	2,234,526
Consumer loans	182,783	166,385
Total loans	<u>282,458,042</u>	<u>292,474,432</u>
Less:		
Allowance for credit losses	<u>(2,609,444)</u>	<u>(2,700,366)</u>
Loans, net	<u>\$ 279,848,598</u>	<u>\$ 289,774,066</u>

TEB BANCORP, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2025 and 2024

Deferred loan fees, net of costs are included within the unpaid principal balances above.

The Company engages in a variety of lending activities, including commercial, nonresidential real estate, residential real estate and consumer transactions. The Company focuses its lending activities on individuals, professionals and small to medium sized businesses. Risks associated with lending activities include economic conditions and changes in interest rates, which can adversely impact both the ability of borrowers to repay their loans and the value of the associated collateral.

Commercial and industrial loans, nonfarm nonresidential loans, construction and development loans and residential real estate loans with a business purpose are generally perceived as having more risk of default than residential real estate loans with a personal purpose and consumer loans. These types of loans involve larger loan balances to a single borrower or groups of related borrowers and are more susceptible to a risk of loss during a downturn in the business cycle. Nonfarm nonresidential real estate and residential real estate loans secured for a business purpose are originated primarily within the metropolitan Milwaukee market area at conservative loan-to-value ratios and often backed by the individual guarantees of the borrowers or owners. Repayment of this kind of loan is dependent upon either the ongoing cash flow of the borrowing entity or the resale of or lease of the subject property. Nonfarm nonresidential real estate loans may be affected to a greater extent than residential loans by adverse conditions in real estate markets or the economy because nonfarm nonresidential real estate borrowers' ability to repay their loans depends on successful development of their properties, as well as the factors affecting residential real estate borrowers. Commercial and industrial loans may involve greater risk because the availability of funds to repay these loans depends on the successful operation of the borrower's business. The assets financed are used within the business for its ongoing operation. Repayment of these kinds of loans generally comes from the cash flow of the business or the ongoing conversions of assets, such as accounts receivable and inventory, to cash. Typical collateral for commercial and industrial loans includes the borrower's accounts receivable, inventory and machinery and equipment.

The Company originates fixed-rate and adjustable-rate real estate residential mortgage loans for personal purposes that are secured by first liens on the underlying 1-4 family residential properties. Credit risk exposure in this area of lending is minimized by the evaluation of the credit worthiness of the borrower, including debt-to-income ratios, credit scores and adherence to underwriting policies that emphasize conservative loan-to-value ratios of generally no more than 80%. 1-4 family residential mortgage loans granted in excess of the 80% loan-to-value ratio criterion are generally insured by private mortgage insurance.

The 1-4 family residential real estate portfolio also includes variable-rate home equity lines of credit, and to a lesser extent, fixed-rate home equity loans. Risks associated with loans secured by residential properties are generally lower than nonfarm nonresidential loans and include general economic risks, such as the strength of the job market, employment stability and the strength of the housing market. Since most loans are secured by a primary or secondary residence, the borrower's continued employment is the greatest risk to repayment.

The Company offers a variety of loans to individuals for personal and household purposes. Consumer loans are generally considered to have greater risk than first or second mortgages on 1-4 family residential real estate because they may be unsecured, or, if they are secured, the value of the collateral may be difficult to assess and is more likely to decrease in value than real estate. Credit risk in this portfolio is controlled by conservative underwriting standards that consider debt-to-income levels and the creditworthiness of the borrower and, if secured, collateral values.

Policies have been established that set standards for the maximum nonfarm nonresidential and multifamily real estate loan amount by type of property, loan terms, pricing structures, loan-to-value limits by property type, as well as policies and procedures for granting exceptions to established underwriting standards.

The Company's 1-4 family residential real estate lending policies require all loans to have viable repayment sources. Residential real estate loans are evaluated for the adequacy of these repayment sources at the time of approval using such factors as credit scores, debt-to-income ratios and collateral values. Home equity loans and lines of credit are generally governed by the same lending policies.

Origination activities for construction and development real estate loans are similar to those described above for nonfarm nonresidential real estate, multifamily real estate and 1-4 family residential real estate lending.

The Company has purchased loan participations in which they are not the primary lender. At June 30, 2025 and 2024, the aggregate amount of purchased participations was \$21.6 million and \$23.4 million, respectively. The Company has also participated out portions of loans that exceeded its loans-to-one borrower legal lending limit and for risk diversification. At June 30, 2025 and 2024 the Company had participated out portions of loans with aggregate balances of \$48.6 million and \$51.4 million, respectively.

TEB BANCORP, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2025 and 2024

Information regarding the loan portfolio by risk classification and origination year for the year ended June 30, 2025 follows:

	Term Loans Amortized Cost Basis By Origination Year						Revolving	Total
	2025	2024	2023	2022	2021	Prior		
1-4 family residential								
Pass	\$ 8,253,607	\$ 8,984,104	\$ 31,892,067	\$ 42,812,701	\$ 9,588,504	\$ 30,025,356	\$ 5,588,125	\$ 137,144,464
Substandard	—	—	—	227,905	—	177,942	—	405,847
Totals	\$ 8,253,607	\$ 8,984,104	\$ 31,892,067	\$ 43,040,606	\$ 9,588,504	\$ 30,203,298	\$ 5,588,125	\$ 137,550,311
Gross chargeoffs	\$ —	\$ —	\$ —	\$ —	\$ 58,799	\$ —	\$ —	\$ 58,799
Multifamily								
Pass	\$ 8,490,121	\$ 1,151,896	\$ 11,053,714	\$ 37,280,806	\$ 22,917,866	\$ 24,394,967	\$ —	\$ 105,289,370
Totals	\$ 8,490,121	\$ 1,151,896	\$ 11,053,714	\$ 37,280,806	\$ 22,917,866	\$ 24,394,967	\$ —	\$ 105,289,370
Gross chargeoffs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
1-4 family residential construction								
Pass	\$ 3,737,587	\$ 1,700,326	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 5,437,913
Totals	\$ 3,737,587	\$ 1,700,326	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 5,437,913
Gross chargeoffs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Other construction, development & land								
Pass	\$ 301,152	\$ 146,800	\$ 110,806	\$ 5,146,566	\$ 331,299	\$ 371,599	\$ —	\$ 6,408,222
Totals	\$ 301,152	\$ 146,800	\$ 110,806	\$ 5,146,566	\$ 331,299	\$ 371,599	\$ —	\$ 6,408,222
Gross chargeoffs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Nonfarm nonresidential								
Pass	\$ 2,930,954	\$ 787,732	\$ 5,660,767	\$ 7,844,137	\$ 835,792	\$ 5,077,356	\$ 785,133	\$ 23,921,871
Totals	\$ 2,930,954	\$ 787,732	\$ 5,660,767	\$ 7,844,137	\$ 835,792	\$ 5,077,356	\$ 785,133	\$ 23,921,871
Gross chargeoffs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Commercial & industrial								
Pass	\$ 1,075,321	\$ 350,613	\$ 86,213	\$ 115,570	\$ 17,389	\$ 2,022,466	\$ —	\$ 3,667,572
Totals	\$ 1,075,321	\$ 350,613	\$ 86,213	\$ 115,570	\$ 17,389	\$ 2,022,466	\$ —	\$ 3,667,572
Gross chargeoffs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Consumer								
Pass	\$ 111,806	\$ 13,882	\$ —	\$ —	\$ —	\$ —	\$ 57,095	\$ 182,783
Totals	\$ 111,806	\$ 13,882	\$ —	\$ —	\$ —	\$ —	\$ 57,095	\$ 182,783
Gross chargeoffs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 105	\$ 105
Total Loans								
Pass	\$ 24,900,548	\$ 13,135,353	\$ 48,803,567	\$ 93,199,780	\$ 33,690,850	\$ 61,891,744	\$ 6,430,353	\$ 282,052,195
Substandard	—	—	—	227,905	—	177,942	—	405,847
Totals	\$ 24,900,548	\$ 13,135,353	\$ 48,803,567	\$ 93,427,685	\$ 33,690,850	\$ 62,069,686	\$ 6,430,353	\$ 282,458,042
Gross chargeoffs	\$ —	\$ —	\$ —	\$ —	\$ 58,799	\$ —	\$ 105	\$ 58,904

TEB BANCORP, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2025 and 2024

Information regarding the loan portfolio by risk classification and origination year for the year ended June 30, 2024 follows:

	Term Loans Amortized Cost Basis By Origination Year						Revolving	Total
	2024	2023	2022	2021	2020	Prior		
1-4 family residential								
Pass	\$ 10,093,841	\$ 34,387,117	\$ 46,149,408	\$ 10,684,209	\$ 6,603,816	\$ 29,528,726	\$ 5,248,297	\$ 142,695,414
Substandard	—	—	—	—	—	171,897	—	171,897
Totals	\$ 10,093,841	\$ 34,387,117	\$ 46,149,408	\$ 10,684,209	\$ 6,603,816	\$ 29,700,623	\$ 5,248,297	\$ 142,867,311
Gross chargeoffs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Multifamily								
Pass	\$ 1,266,123	\$ 12,670,346	\$ 38,206,197	\$ 25,407,642	\$ 9,636,425	\$ 27,638,914	\$ —	\$ 114,825,647
Totals	\$ 1,266,123	\$ 12,670,346	\$ 38,206,197	\$ 25,407,642	\$ 9,636,425	\$ 27,638,914	\$ —	\$ 114,825,647
Gross chargeoffs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
1-4 family residential construction								
Pass	\$ 1,234,411	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,234,411
Totals	\$ 1,234,411	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,234,411
Gross chargeoffs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Other construction, development & land								
Pass	\$ 285,287	\$ 366,938	\$ 1,992,144	\$ 470,251	\$ 96,160	\$ 318,738	\$ —	\$ 3,529,518
Totals	\$ 285,287	\$ 366,938	\$ 1,992,144	\$ 470,251	\$ 96,160	\$ 318,738	\$ —	\$ 3,529,518
Gross chargeoffs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Nonfarm nonresidential								
Pass	\$ 806,162	\$ 10,729,696	\$ 8,182,763	\$ 905,321	\$ 1,538	\$ 6,880,104	\$ 111,050	\$ 27,616,634
Totals	\$ 806,162	\$ 10,729,696	\$ 8,182,763	\$ 905,321	\$ 1,538	\$ 6,880,104	\$ 111,050	\$ 27,616,634
Gross chargeoffs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Commercial & industrial								
Pass	\$ 438,244	\$ 117,261	\$ 224,275	\$ 66,090	\$ 41,426	\$ 1,347,230	\$ —	\$ 2,234,526
Totals	\$ 438,244	\$ 117,261	\$ 224,275	\$ 66,090	\$ 41,426	\$ 1,347,230	\$ —	\$ 2,234,526
Gross chargeoffs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Consumer								
Pass	\$ 60,620	\$ —	\$ —	\$ —	\$ —	\$ 52,801	\$ 52,963	\$ 166,385
Totals	\$ 60,620	\$ —	\$ —	\$ —	\$ —	\$ 52,801	\$ 52,963	\$ 166,385
Gross chargeoffs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 487	\$ 487
Total Loans								
Pass	\$ 14,184,688	\$ 58,271,358	\$ 94,754,787	\$ 37,533,513	\$ 16,379,365	\$ 65,766,513	\$ 5,412,310	\$ 292,302,535
Substandard	—	—	—	—	—	171,897	—	171,897
Totals	\$ 14,184,688	\$ 58,271,358	\$ 94,754,787	\$ 37,533,513	\$ 16,379,365	\$ 65,938,410	\$ 5,412,310	\$ 292,474,432
Gross chargeoffs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 487	\$ 487

TEB BANCORP, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2025 and 2024

The following is a summary of past due loans as of June 30, 2025 and 2024:

	June 30, 2025				Total
	30-59 days accruing	60-89 days accruing	90 days & over or nonaccrual	Current accruing	
1-4 family residential	\$ 632,117	\$ 571,777	\$ 405,847	\$ 135,940,570	\$ 137,550,311
Multifamily	—	—	—	105,289,370	105,289,370
1-4 family residential construction	—	—	—	5,437,913	5,437,913
Other construction, development & land	54,786	—	—	6,353,436	6,408,222
Nonfarm nonresidential	55,113	—	—	23,866,758	23,921,871
Commercial & industrial	—	—	—	3,667,572	3,667,572
Consumer loans	—	—	—	182,783	182,783
Total	<u>\$ 742,016</u>	<u>\$ 571,777</u>	<u>\$ 405,847</u>	<u>\$ 280,738,402</u>	<u>\$ 282,458,042</u>

	June 30, 2024				Total
	30-59 days accruing	60-89 days accruing	90 days & over or nonaccrual	Current accruing	
1-4 family residential	\$ 1,477,239	\$ 266,127	\$ 171,897	\$ 140,952,048	\$ 142,867,311
Multifamily	—	—	—	114,825,647	114,825,647
1-4 family residential construction	—	—	—	1,234,411	1,234,411
Other construction, development & land	58,150	—	—	3,471,368	3,529,518
Nonfarm nonresidential	—	—	—	27,616,634	27,616,634
Commercial & industrial	—	—	—	2,234,526	2,234,526
Consumer loans	—	—	—	166,385	166,385
Total	<u>\$ 1,535,389</u>	<u>\$ 266,127</u>	<u>\$ 171,897</u>	<u>\$ 290,501,019</u>	<u>\$ 292,474,432</u>

As of June 30, 2025 and 2024 there were no loans 90 days or over that were not on nonaccrual.

Certain directors and executive officers of the Company, and their related interests, had loans outstanding in the aggregate amounts of \$2,550,077 and \$2,533,810 at June 30, 2025 and 2024, respectively. During the year ended June 30, 2025, one new loan was made totaling \$250,000 and one new line of credit was made totaling \$100,000 with a drawn balance of \$84,000. One loan and one line of credit were paid off totaling \$202,468 and \$53,000, respectively, and repayments totaled \$62,265. During the year ended June 30, 2024, two new loans were made totaling \$558,176. One loan was paid off totaling \$365,729 and repayments totaled \$60,403. Except for loans with a discounted interest rate made to executive officers pursuant to a program that is available to all Company employees and that complies with applicable banking regulations, these loans were made on substantially the same terms, including collateral, as those prevailing at the same time for comparable transactions with unrelated persons and did not involve more than normal risks of collectability or present other unfavorable features.

During the years ended June 30, 2025 and 2024, there were no loan modifications granted to borrowers experiencing financial difficulty.

TEB BANCORP, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2025 and 2024

NOTE 6 – Allowance for Credit Losses

The following table presents the activity in the allowance for credit losses by portfolio segment for the year ended June 30, 2025:

	June 30, 2025							
	1-4 Family Residential	Multifamily	1-4 Family Residential Construction	Other Constr Development & Land	Nonfarm Non- residential	Commercial & Industrial	Consumer Loans	Total
Allowance for credit losses:								
Balance at 6/30/24	\$ 1,678,678	\$ 754,274	\$ 13,470	\$ 21,677	\$ 193,315	\$ 14,136	\$ 24,816	\$ 2,700,366
Loans charged off	(58,799)	—	—	—	—	—	(105)	(58,904)
Recoveries collected	880	—	—	—	—	—	2,102	2,982
Provision for (recapture of) credit losses	252,000	(294,000)	31,000	29,000	(43,000)	16,000	(26,000)	(35,000)
Balance at 6/30/25	<u>\$ 1,872,759</u>	<u>\$ 460,274</u>	<u>\$ 44,470</u>	<u>\$ 50,677</u>	<u>\$ 150,315</u>	<u>\$ 30,136</u>	<u>\$ 813</u>	<u>\$ 2,609,444</u>

The following table presents the activity in the allowance for credit losses by portfolio segment for the year ended June 30, 2024:

	June 30, 2024								
	1-4 Family Residential	Multifamily	1-4 Family Residential Construction	Other Constr Development & Land	Nonfarm Non- residential	Commercial & Industrial	Consumer Loans	Not Specifically Allocated	Total
Allowance for credit losses:									
Balance at 6/30/23	\$ 639,652	\$ 630,176	\$ 19,156	\$ 13,588	\$ 173,472	\$ 12,184	\$ 3,841	\$ 51,764	\$ 1,543,833
Impact of adopting ASC 326	1,427,181	(106,176)	(14,156)	46,412	(11,472)	2,816	34,159	(51,764)	1,327,000
Loans charged off	—	—	—	—	—	—	(487)	—	(487)
Recoveries collected	5,020	—	—	—	—	—	—	—	5,020
Provision for (recapture of) credit losses	(393,175)	230,274	8,470	(38,323)	31,315	(864)	(12,697)	—	(175,000)
Balance at 6/30/24	<u>\$ 1,678,678</u>	<u>\$ 754,274</u>	<u>\$ 13,470</u>	<u>\$ 21,677</u>	<u>\$ 193,315</u>	<u>\$ 14,136</u>	<u>\$ 24,816</u>	<u>\$ —</u>	<u>\$ 2,700,366</u>

At June 30, 2025 and 2024, the Company maintained a reserve for unfunded loan commitments totaling \$58,000 and \$23,000, respectively, which is included in other liabilities on the consolidated balance sheet.

NOTE 7 – Loan Servicing

The unpaid principal balance of loans serviced for others, which is not included in the consolidated financial statements, was \$26,387,722 and \$28,088,402 at June 30, 2025 and 2024, respectively. The Company maintained no custodial balances at June 30, 2025 and June 30, 2024 in connection with the foregoing loan servicing.

NOTE 8 – Other Real Estate Owned, Net

Other real estate owned properties are summarized as follows:

	June 30, 2025	June 30, 2024
Beginning balance	\$ —	\$ —
Capital expenditures	12,625	—
Transfer from loans	103,270	—
Other real estate owned, net	<u>\$ 115,895</u>	<u>\$ —</u>

There was no recorded investment in 1-4 family owner occupied properties that were in process of foreclosure at June 30, 2025 and June 30, 2024.

TEB BANCORP, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2025 and 2024

NOTE 9 – Leases

The Company enters into leases for certain retail branches and office space. Operating leases and lease liabilities are listed on the consolidated balance sheets. The Company does not have any finance leases.

Right-of-use (ROU) assets represent the Company’s right to use an underlying asset for the lease term and lease liabilities represent the Company’s obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized as of July 1, 2022, or the date of any subsequent lease extension or commencement, based on the present value of lease payments over the lease term. The Company uses its incremental borrowing rate at adoption date, or subsequent lease extension or commencement date in determining the present value of lease payments when the rate implicit in a lease is not known. The Company’s incremental borrowing rate is based on the Federal Home Loan Bank borrowing rate, adjusted for the lease term.

The Company’s leases are generally for periods of up to ten years with extension options discussed as the termination date approaches. The exercise of lease renewal options is not included in the present value of lease obligations unless it is reasonably certain that the option will be exercised. The Company has lease agreements which contain both lease and non-lease components such as common area maintenance charges, real estate taxes, and insurance. Non-lease components are not included in the measurement of the lease liability and are recognized in expense when incurred. The Company has elected not to recognize short-term leases, with original lease terms of twelve months or less, on the Company’s consolidated balance sheets.

Supplemental balance sheet information related to leases is presented in the table below as of June 30, 2025:

	June 30, 2025	June 30, 2024
Weighted average remaining lease term (years)		
Operating leases	4.34	5.34
Weighted average discount rate		
Operating leases	1.79 %	1.79 %

The table below presents the components of lease expense for the year ended June 30, 2025:

	June 30, 2025	June 30, 2024
Lease cost:		
Operating lease cost	\$ 101,208	\$ 101,208
Total lease cost	\$ 101,208	\$ 101,208

Contractual lease payment obligations, including all unexecuted options, for each of the next five years and thereafter, in addition to a reconciliation to the Company’s lease liability are as follows as of June 30, 2025:

	June 30, 2025
Maturity of lease liabilities	
2026	\$ 102,349
2027	103,372
2028	104,406
2029	105,450
2030	35,266
2031 and after	—
Total lease payments	450,843
Less: Interest	16,863
Present value of lease payments	\$ 433,980

TEB BANCORP, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2025 and 2024

NOTE 10 – Premises and Equipment, net

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

	June 30, 2025	June 30, 2024
Land	\$ 2,306,572	\$ 2,306,572
Office buildings and improvements	11,005,613	10,973,158
Leasehold improvements	470,951	470,951
Furniture and fixtures	6,409,372	6,321,903
	20,192,508	20,072,584
Less: Accumulated depreciation	(13,346,420)	(12,867,635)
Premises and equipment, net	\$ 6,846,088	\$ 7,204,949

Depreciation expense amounted to \$495,884 and \$487,096 for the years ended June 30, 2025 and 2024, respectively.

NOTE 11 – Accrued Interest Receivable and Other Assets

A summary of accrued interest receivable and other assets is as follows:

	June 30, 2025	June 30, 2024
Accrued interest receivable	\$ 1,154,187	\$ 1,160,933
Prepaid expenses and other assets	756,697	696,242
Totals	\$ 1,910,884	\$ 1,857,175

NOTE 12 – Deposits

The aggregate amount of certificates of deposit, each with a minimum denomination of \$250,000 (the maximum amount for federal deposit insurance), was approximately \$29,793,757 at June 30, 2025 and \$27,176,798 at June 30, 2024.

At June 30, 2025, the scheduled maturities of certificates of deposit are as follows:

2026		\$ 136,794,255
2027		909,950
2028		486,115
2029		305,589
2030		20,750
Thereafter		32,251
		\$ 138,548,910

The aggregate amount of overdrafts reclassified into loans was \$108,324 at June 30, 2025 and \$12,060 at June 30, 2024.

Deposits from directors and executive officers of the Company, and their related interests, totaled \$754,629 and \$942,453 at June 30, 2025 and June 30, 2024, respectively.

TEB BANCORP, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2025 and 2024

NOTE 13– Borrowings

Borrowings consist of the following:

	June 30, 2025	June 30, 2024
FHLB fixed rate advance	\$ 4,000,000	\$ —
	\$ 4,000,000	\$ —

The Bank has a master contract agreement with the FHLB, which provides for borrowing up to the maximum \$111,085,800 at June 30, 2025. The FHLB provides both fixed and floating rate advances. Fixed rate advances are priced in reference to market rates of interest at the time of the advance, namely the rates that FHLB pays to borrowers at various maturities. Variable rate advances are adjusted at the end of each business day based on the actual Federal Funds rate earned by the FHLB that day. The Bank has an open line of credit with the FHLB with a variable interest rate. The open line of credit matures daily, automatically renewing. The Bank had \$0 outstanding on the open line of credit at June 30, 2025 and 2024. Additionally, the Bank had \$4,000,000 outstanding in term advances at June 30, 2025 and \$0 outstanding at June 30, 2024. FHLB 30-day advances are pre-payable with a two-day notice by the FHLB. Advances are collateralized by a security agreement pledging a portion of the Bank’s 1-4 family and multifamily real estate mortgages with a carrying value of \$188,879,611 and \$200,325,679 at June 30, 2025 and 2024, respectively.

The Bank has an agreement with U.S. Bank, which provides for borrowing up to the maximum of \$5,000,000 at a rate of 5.0%, at June 30, 2025 and 6.0% at June 30, 2024. There were no amounts outstanding as of June 30, 2025 and June 30, 2024. U.S. Bank provides overnight fixed rate advances which are not collateralized as of June 30, 2025 and 2024.

NOTE 14 – Income Taxes

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

	June 30, 2025	June 30, 2024
Current tax expense:		
Federal	\$ —	\$ —
State	25	25
	25	25
Deferred tax expense (benefit):		
Federal	(241,880)	(221,591)
Federal valuation allowance	241,880	221,591
State	(591,673)	(508,680)
State valuation allowance	591,673	508,680
	—	—
Total income tax expense	\$ 25	\$ 25

TEB BANCORP, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2025 and 2024

	June 30, 2025	June 30, 2024
Deferred tax assets		
Loss carryforwards	\$ 6,423,788	\$ 5,933,082
State loss and contribution	3,488,904	2,984,469
Unrealized loss on available for sale securities	949,363	1,197,087
Allowance for credit losses	710,839	735,607
Allowance for unfunded commitments	15,800	6,265
Pension	—	—
Pension - FAS 158	178,541	—
Lease Liability	118,220	143,502
Other assets	3,711	4,001
Total deferred tax assets	11,889,166	11,004,013
Deferred tax liabilities		
Pension	(1,051,023)	(771,900)
Deferred loan fees	(133,430)	(169,333)
Depreciation	(163,269)	(162,354)
ROU Asset	(114,876)	(140,123)
Other liabilities	(172,930)	(77,476)
Total deferred tax liabilities	(1,635,528)	(1,321,186)
Valuation allowance	(10,253,638)	(9,682,827)
Net deferred tax asset	\$ —	\$ —

	June 30, 2025		June 30, 2024	
	Amount	Percent of Pretax Income	Amount	Percent of Pretax Income
Reconciliation of statutory to effective rates				
Federal income taxes at statutory rate	\$ (275,740)	21.00 %	\$ (417,425)	21.00 %
Adjustments for				
True up of deferreds	(126,742)	9.65 %	69,331	(3.49)%
State income taxes, net of valuation allowance	(438,833)	33.42 %	(392,402)	19.74 %
Federal valuation allowance	833,553	(63.48)%	730,271	(36.74)%
Other - Net	7,787	(0.59)%	10,250	(0.52)%
Effective income taxes - operations	\$ 25	(0.00)%	\$ 25	(0.01)%

On July 5, 2023, the Wisconsin 2023-2025 budget was signed into law. Under the new law, which is effective for tax years beginning after December 31, 2022, banks are allowed to exempt from state taxation loan income from commercial and agricultural loans of \$5 million or less where the borrower resides, or is located in, Wisconsin. This resulted in reduced state income taxes for the year ended June 30, 2025, and is expected to provide reductions in future years.

Deferred tax assets primarily relate to the difference in the ACL (and other real estate owned) for book and tax purposes, unrealized losses on available for sale securities and net operating losses. The Company has loss carryforwards of approximately \$30.6 million and \$28.3 million as of June 30, 2025 and 2024, respectively. The Company has state loss carryforwards of approximately \$55.9 million and \$47.8 million as of June 30, 2025 and 2024, respectively. The federal losses begin to expire as of September 30, 2030 and the state losses begin to expire as of September 30, 2025. The Company has \$5.8 million of Federal net operating losses for which there are no expirations and are allowed to offset taxable income by 80% in a given year. Deferred tax liabilities primarily relate to the difference in loan fees, depreciation on premises and equipment, FHLB stock basis, and prepaid pension costs.

TEB BANCORP, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2025 and 2024

Under U.S. GAAP, a valuation allowance is required to be recognized if it is “more likely than not” that a deferred tax asset will not be realized. The determination of the realizability of the deferred tax assets is highly subjective and dependent on judgment concerning management’s evaluation of both positive and negative evidence, the forecasts of future income, applicable tax planning strategies, and assessments of the current and future economic and business conditions. Management considered both positive and negative evidence regarding the ultimate realizability of the Company’s deferred tax assets. Positive evidence includes the existence of taxes paid in available carryback years as well as the probability that taxable income will be generated in future periods while negative evidence includes losses in prior years as well as general business and economic trends. At June 30, 2025 and June 30, 2024, management determined that a valuation allowance relating to the Company’s deferred tax asset was necessary. This determination was based largely on the negative evidence represented by a drop in loan demand resulting in a decrease in sold loan fee income and overall net income. In addition, general uncertainty surrounding future economic and business conditions have increased the potential volatility and uncertainty of our projected earnings. Therefore, a valuation allowance of \$10.3 million and \$9.7 million was recorded as of June 30, 2025 and 2024.

The Company’s policy is to recognize interest and penalties related to uncertain tax positions as components of interest expense and miscellaneous expense, respectively. The Company recognized no interest and penalties related to uncertain tax positions in its Consolidated Statement of Operations during the years ended June 30, 2025 and 2024. The Company had no accrual for the payment of interest and penalties related to income tax issues as of June 30, 2025 and 2024.

The Company is no longer subject to U.S. federal income tax examinations by the Internal Revenue Service for years before September 30, 2022. The Company is no longer subject to Wisconsin income tax examinations by the Wisconsin Department of Revenue for the years before September 30, 2021. The Bank is not currently under examination by any taxing jurisdiction.

Under the Internal Revenue Code and Wisconsin Statutes, the Company is permitted to deduct, for tax years beginning before 1996, an annual addition to a reserve for bad debts. This amount differs from the provision for loan 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 Bank did not intend to use the reserve for purposes other than to absorb losses, no deferred income taxes were provided. Retained earnings at June 30, 2025 and 2024, respectively, includes approximately \$7.8 million for which no deferred Federal or state income taxes were provided.

NOTE 15 – Defined Benefit Pension Plan

The following table sets forth the Plan’s funded status and amounts recognized in the Company’s consolidated balance sheets:

	June 30, 2025	June 30, 2024
Change in projected benefit obligation		
Projected benefit obligation at beginning of year	\$ 7,804,212	\$ 8,525,062
Interest cost	417,368	412,084
Benefits paid	(351,211)	(344,612)
Actuarial loss (gain)	194,115	(258,598)
Settlement	—	(529,724)
Projected benefit obligation at end of year	<u>8,064,484</u>	<u>7,804,212</u>
Change in plan assets		
Fair value of plan assets at beginning of year	10,637,528	10,256,865
Actual return on assets	980,713	1,297,449
Benefits paid	(351,211)	(916,786)
Fair value of plan assets at end of year	<u>11,267,030</u>	<u>10,637,528</u>
Funded status at end of year	<u>\$ 3,202,546</u>	<u>\$ 2,833,316</u>

TEB BANCORP, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2025 and 2024

Amounts recognized in accumulated other comprehensive loss consist of:

	June 30, 2025	June 30, 2024
Accumulated pension actuarial gain, net of income tax benefit of \$1,522,485 and \$1,522,485, respectively	\$ (867,073)	\$ (811,941)

The accumulated benefit obligation for the Plan was \$8,064,484 and \$7,804,212 at June 30, 2025 and 2024, respectively. Slight increases in discount rates during the year from 5.48% as of June 30, 2024 to 5.51% as of June 30, 2025 resulted in a small increase in the year-end asset.

The components of net periodic pension income included in compensation and benefits on the statements of operations are as follows:

	June 30, 2025	June 30, 2024
Interest cost	\$ 417,368	\$ 412,084
Expected return on plan assets	(731,466)	(701,154)
Amortization of net actuarial loss	—	52,376
Settlement	—	145,130
Net periodic pension income	\$ (314,098)	\$ (91,564)

For the years ended June 30, 2025 and 2024, actuarial assumptions include an assumed discount rate on benefit obligations of 5.51% and 5.48% respectively, and an expected long-term rate of return of 7.0% for June 30, 2025 and 2024. The expected long-term rate of return for the Plan's total assets is based on the expected returns of each of the below asset categories, weighted based on the current target allocation for each class. The trustees evaluate whether adjustments are needed based on historical returns to more accurately reflect expectations of future returns. An annual salary increase of 0% was utilized for the years ended June 30, 2025 and 2024 as the plan was frozen in 2012.

There were no contributions paid to the Plan during the years ended June 30, 2025 and 2024.

At June 30, 2025, the projected benefit payments for future fiscal years were estimated as follows:

2026	\$ 1,873,000
2027	498,700
2028	1,111,800
2029	762,800
2030	779,600
2031-2035	2,681,500
	\$ 7,707,400

At June 30, 2025 and 2024, all Plan assets supporting the Bank's defined benefit plan are held at fair value and represent Level 1 classified investments.

TEB BANCORP, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2025 and 2024

The percentage of the fair value of total Plan assets for each major category is as follows:

	June 30, 2025	June 30, 2024
Cash Equivalents	2.6 %	2.8 %
Equities		
Large Cap	33.4 %	30.0 %
Mid Cap	7.1 %	7.9 %
Small Cap	2.4 %	2.1 %
International	7.7 %	7.6 %
Other	20.3 %	22.8 %
Alternatives/Multi-Asset	2.1 %	2.8 %
Fixed Income		
Government Securities	9.3 %	9.3 %
Corporate Bonds	12.9 %	12.6 %
Mutual Funds	2.2 %	2.1 %
Total	100.0 %	100.0 %

The Bank's investment policies and strategies for the Plan use target allocations for the individual asset categories. Current allocations are all within policy guidelines. The Bank's investment goals are to maximize returns subject to specific risk management policies.

The Bank anticipates making at least the minimum required contribution in fiscal year 2026.

NOTE 16 – Accumulated Other Comprehensive Loss

The following table sets forth the ending balance in accumulated other comprehensive loss as recorded on the accompanying consolidated balance sheets for each component as of:

	June 30, 2025	June 30, 2024
Accumulated pension actuarial loss	\$ (655,412)	\$ (710,544)
Deferred taxes related to accumulated pension actuarial loss	1,522,485	1,522,485
Unrealized net loss on securities available for sale	(3,484,755)	(4,394,179)
Deferred taxes related to unrealized net loss on securities available for sale	(544,633)	(544,633)
Total accumulated other comprehensive loss	\$ (3,162,315)	\$ (4,126,871)

TEB BANCORP, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2025 and 2024

The following table sets forth changes in accumulated other comprehensive loss:

	Available for Sale Securities	Defined Benefit Pension Plan	Total
Balance, June 30, 2023	\$ (6,063,133)	470,530	\$ (5,592,603)
Other comprehensive income before reclassifications, net of tax	455,783	957,573	1,413,356
Amounts reclassified from other comprehensive loss, net of tax	—	52,376	52,376 *
Net current period other comprehensive income	455,783	1,009,949	1,465,732
Balance, June 30, 2024	(5,607,350)	1,480,479	(4,126,871)
Other comprehensive income before reclassifications, net of tax	909,424	55,132	964,556
Net current period other comprehensive income	909,424	55,132	964,556
Balance, June 30, 2025	\$ (4,697,926)	\$ 1,535,611	\$ (3,162,315)

* - This amount is included in the computation of net periodic pension income.
See Note 15, Defined Benefit Pension Plan, for additional details.

NOTE 17 – Commitments and Contingencies

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 consolidated financial statements.

The Company is party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, financial guarantees and standby letters of credit. They involve, to varying degrees, elements of credit risk in excess of amounts recognized on the consolidated balance sheets.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual notional amount of those instruments. The Company uses the same credit policies in making commitments and issuing letters of credit as they do for on-balance-sheet instruments.

A summary of the contract or notional amount of the Company's exposure to off-balance-sheet risk is as follows:

	June 30, 2025	June 30, 2024
Financial instruments whose contract amounts represent credit risk:		
Commitments to extend credit to borrowers	\$ 20,513,480	\$ 20,609,251
Sold loan commitments	\$ 5,109,322	\$ 4,137,465
Credit card commitments	\$ 439,211	\$ 445,124

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation of the counterparty. Collateral held varies but may include accounts receivable, inventory, property and equipment, and income-producing commercial properties. Credit card commitments are unsecured.

As of June 30, 2025 and June 30, 2024, the Company does not engage in the use of interest rate swaps, futures or option contracts.

TEB BANCORP, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2025 and 2024

NOTE 18 – Concentrations

Practically all of the Company's loans and commitments have been granted to customers in the Company's market area, generally Southeastern Wisconsin. Although the Company has a diversified loan portfolio, the ability of its debtors to honor their contracts is dependent on the economic conditions of the counties surrounding the Company. The concentration of credit by type of loan is set forth in Note 5.

As of June 30, 2025, the Company presents the following information regarding deposit concentration in its consolidated financial statements:

Certificates of deposit due in one year or less: Certificates of deposit with a maturity period of one year or less account for approximately 99% of outstanding certificates of deposit and 48% of total deposits. These certificates of deposit primarily consist of funds placed by customers for a fixed period, with the understanding that withdrawals may be subject to penalties if made before maturity. The significant concentration of certificates of deposit with a relatively short time horizon poses certain risks.

While these depositors have historically maintained their deposits with the Bank, a significant withdrawal by these depositors could impact the Company's liquidity and financial stability. The Company actively monitors and manages this concentration risk through its liquidity management strategies. As discussed in Note 13, the Bank has over \$111 million of liquidity available to borrow through the Federal Home Loan Bank. Additionally, over 90% of the Bank's deposits are covered by FDIC insurance. See Note 12 for further deposit information.

NOTE 19 – Regulatory Capital Requirements

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

The community bank leverage ratio ("CBLR") provides a simple alternative measure of capital adequacy for electing qualifying depository institutions. Under the CBLR, if a qualifying depository institution elects to use such measure, such institutions will be considered well capitalized if its ratio of Tier 1 capital to average total consolidated assets (i.e. leverage ratio) exceeds a 9% threshold, subject to a limited two quarter grace period, during which the leverage ratio cannot go 100 basis points below the then applicable threshold, and will not be required to calculate and report risk-based capital ratios. This is a more stringent guideline than that defined by the Federal Deposit Insurance Corporation Improvement Act of a well-capitalized institution which is a tier 1 leverage ratio of 5%, a tier 1 risk-based capital ratio of 6% and a total risk-based capital ratio of 10%.

The Bank elected to begin using the CBLR for the quarter ended March 31, 2020 and intends to utilize this measure for the foreseeable future. Eligibility criteria to utilize the CBLR includes the following:

- Total assets of less than \$10 billion,
- Total trading assets plus liabilities of 5% or less of consolidated assets,
- Total off-balance sheet exposures of 25% or less of consolidated assets, and
- Cannot be an advanced approaches banking organization.

TEB BANCORP, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2025 and 2024

As of June 30, 2025 and 2024, the Bank was categorized as well capitalized. Listed in the table below is a comparison of the Bank's actual capital amounts with the minimum requirements for well capitalized banks, as defined above.

	June 30, 2025			
	Actual		To be Considered Well Capitalized	
	Amount	Ratio	Amount	Ratio
As of June 30, 2025				
CBLR Framework				
Tier 1 capital (to average assets) (i.e., leverage ratio)	\$ 31,001,528	9.67 %	28,856,667	9.00 %
	June 30, 2024			
	Actual		To be Considered Well Capitalized	
	Amount	Ratio	Amount	Ratio
As of June 30, 2024				
CBLR Framework				
Tier 1 capital (to average assets) (i.e., leverage ratio)	32,276,675	9.65 %	30,092,330	9.00 %

A Wisconsin state-chartered savings bank is required by state law to maintain minimum net worth in an amount equal to at least 6.0% of its total assets. At June 30, 2025, the Bank's net worth was \$27,903,895 and general loan loss reserve was \$2,609,444, totaling 9.5% of total assets, which meets the state of Wisconsin's minimum net worth requirements. At June 30, 2024, the Bank's net worth was \$28,179,485 and general loan loss reserve was \$2,700,366, totaling 9.2% of total assets, which meets the state of Wisconsin's minimum net worth requirements.