

REFINITIV

# DELTA REPORT

## 10-Q

BV FINANCIAL, INC.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1977
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 CHANGES	525
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 DELETIONS	807
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 ADDITIONS	645
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 10-Q

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(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended **September 30, March 31, 2023 2024**

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

**Commission File Number: 001-41764**

**BV FINANCIAL, INC.**

(Exact Name of Registrant as Specified in Its Charter)

**Maryland**

(State of Other Jurisdiction of Incorporation or Organization)

**14-1920944**

(I.R.S. Employer Identification No.)

**7114 North Point Road, Baltimore, MD, 21219**

(Address of Principal Executive Offices) (Zip Code)

**(410) 477-5000**

(Registrant's Telephone Number, Including Area Code)

**Not applicable**

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of

Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	BVFL	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☒ X No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of “large accelerated filer”, “accelerated filer”, “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-accelerated Filer	<input checked="" type="checkbox"/>	Smaller Reporting Company	<input checked="" type="checkbox"/>
Emerging growth company	<input checked="" type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of **November 9, 2023** **May 10, 2024**, the registrant had 11,375,803 shares of common stock outstanding.

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## **BV FINANCIAL, INC. AND SUBSIDIARIES**

### **CONSOLIDATED BALANCE SHEETS**

	Sept emb er 30, 2023	Decemb er 31, 2022	March 31, 2024	December 31, 2023
		(derived from audited (una udit ed) financial stateme nts)		
(dollars in thousands, except pe share amounts)				
			(derived from audited (unaudited) financial statements)	
(dollars in thousands, except per share amounts)				

<b>Assets</b>				
Cash	6,7			
	\$ 64	\$ 12,704	\$ 8,520	\$ 9,260
Interest-bearing deposits in other banks	10			
	7,6			
	95	55,948	70,317	64,482
Cash and cash equivalents	11			
	4,4			
	59	68,652	78,837	73,742
Equity investment	22			
	9	221	246	256
Securities available for sale	35,			
	61			
	6	33,034	33,752	34,781
Securities held to maturity (fair value of \$9,013 and \$9,660, ACL of \$7 and \$0)	10,			
	26			
	3	10,461		
Loans held for maturity	70			
	7,0	662,94		
	37	4		
Securities held to maturity (fair value of \$9,154 and \$9,206, ACL of \$5 and \$6)			10,153	10,209
Total loans			708,736	704,802
Allowance for credit losses	(8,			
	15			
	3)	(3,813)	(8,506)	(8,554)
Net loans	69			
	8,8	659,13		
	84	1	700,230	696,248
Foreclosed real estate	55			
	5	1,987	170	170
Premises and equipment, net	14,			
	40			
	5	15,176	14,473	14,250
Federal Home Loan Bank of Atlanta stock, at cost	2,4			
	07	977	654	626

Investment in life insurance	19,566	19,983	19,744	19,657
Accrued interest receivable	3,450	2,952	3,147	3,279
Goodwill	14,420	14,420	14,420	14,420
Intangible assets, net	1,057	1,195	967	1,012
Deferred tax assets, net	9,045	9,113	8,699	8,969
Other assets	7,021	7,661	7,053	7,635
<b>Total assets</b>	<b>93,137</b>	<b>844,963</b>	<b>\$ 892,545</b>	<b>\$ 885,254</b>
<b>Liabilities and Stockholders' Equity</b>				
<b>Liabilities</b>				
Noninterest-bearing deposits	143,203	167,202	139,107	142,030
Interest-bearing deposits	503,273	517,416	500,381	492,090
<b>Total deposits</b>	<b>646,476</b>	<b>684,618</b>	<b>639,488</b>	<b>634,120</b>
FHLB borrowings	37,500	12,000		
Subordinated debentures	37,198	37,039	34,767	37,251
Other liabilities	15,121	13,555	16,538	14,818

<b>Total liabilities</b>	<b>73</b>			
	<b>6,2</b>	<b>747,21</b>		
	<b>95</b>	<b>2</b>	<b>690,793</b>	<b>686,189</b>
<b>Stockholders' equity</b>				
Preferred stock, \$0.01 par value; 1,000,000 shares authorized; none issued or outstanding				
Common stock, \$0.01 par value; 45,000,000 shares authorized at September 30, 2023 and 14,000,000 authorized at December 31, 2022; 11,375,803 shares issued and outstanding as of September 30, 2023; 7,958,904 shares issued outstanding as of December 31, 2022	11			
	4	74		
Preferred stock, \$0.01 par value; 1,000,000 shares authorized; none issued or outstanding; Common stock, \$0.01 par value; 45,000,000 shares authorized at March 31, 2024 and December 31, 2023; 11,375,803 shares issued and outstanding as of March 31, 2024 and December 31, 2023			114	114
Paid-in capital	11			
	0,3			
	64	15,406	110,534	110,465
Retained earnings	94,			
	76			
	3	84,612	100,346	97,772
Unearned common stock held by employee stock ownership plan	(7,			
	63			
	5)	—	(7,286)	(7,328)
Accumulated other comprehensive loss	(2,			
	52			
	4)	(2,341)	(1,956)	(1,958)
<b>Total stockholders' equity</b>	<b>19</b>			
	<b>5,0</b>			
	<b>82</b>	<b>97,751</b>	<b>201,752</b>	<b>199,065</b>
<b>Total liabilities and stockholders' equity</b>	<b>93</b>			
	<b>1,3</b>	<b>844,96</b>		
	<b>\$ 77</b>	<b>\$ 3</b>	<b>\$ 892,545</b>	<b>\$ 885,254</b>

See notes to consolidated financial statements. 1

#### **BV FINANCIAL, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF INCOME**  
(unaudited)

	Three Months		Nine Months			
(dollars in thousands, except per share amounts)	Ended September		Ended September			
	30,		30,		Three Months Ended March 31,	
Interest Income	2023	2022	2023	2022	2024	2023
Loans, including fees			27,86			
	\$ 9,764	\$ 7,936	\$ 3	\$ 22,712	\$ 9,782	\$ 8,773
Investment securities available for sale	302	123	846	399	306	266
Investment securities held to maturity	89	53	275	143	92	93
Other interest income	1,560	458	2,958	726	824	556
Total interest income			31,94			
	11,715	8,570	2	23,980	11,004	9,688
Interest Expense						
Interest on deposits	1,764	297	3,694	987	1,986	665
Interest on FHLB borrowings	530	—	1,313	—	—	289
Interest on subordinated debentures	545	519	1,621	1,531	1,055	534
Other interest expense	—	—	—	—		
Total interest expense	2,839	816	6,628	2,518	3,041	1,488
Net interest income			25,31			
	8,876	7,754	4	21,462	7,963	8,200
Provision for (recovery of) credit losses	(333 )	186	(480 )	587		
Provision for credit losses					18	2
Net interest income after provision for credit losses			25,79			
	9,209	7,568	4	20,875	7,945	8,198
Noninterest Income						
Service fees on deposits	109	110	304	344	103	94
Fees from debit cards	183	186	543	567	171	173
Income from investment in life insurance	85	89	549	310	87	318
Gain on sale of loans	—	—	—	1		
Gain on foreclosed real estate	—	—	678	—		



Gain on sale of fixed assets	188	45	188	279		
Other income	317	251	798	1,848	217	222
<b>Total noninterest income</b>	<b>882</b>	<b>681</b>	<b>3,060</b>	<b>3,349</b>	<b>578</b>	<b>807</b>
<b>Noninterest Expense</b>						
Compensation and related benefits	3,149	2,666	8,887	7,480	3,129	2,879
Occupancy	397	310	1,178	1,221	438	416
Data processing	345	339	1,034	1,070	377	349
Advertising	5	5	33	16	5	13
Professional fees	220	133	597	452	112	200
Equipment	105	197	319	412	102	105
Foreclosed real estate and holding costs	13	338	173	396	5	127
Amortization of intangible assets	46	46	138	137	45	46
FDIC insurance premiums	120	57	237	165	83	54
Other	608	511	1,656	2,300	627	511
<b>Total noninterest expense</b>	<b>5,008</b>	<b>4,602</b>	<b>2</b>	<b>13,649</b>	<b>4,923</b>	<b>4,700</b>
<b>Net income before tax</b>	<b>5,083</b>	<b>3,647</b>	<b>2</b>	<b>10,575</b>	<b>3,600</b>	<b>4,305</b>
Income tax expense	1,399	1,035	3,904	2,781	1,026	1,190
<b>Net income</b>	<b>\$ 3,684</b>	<b>\$ 2,612</b>	<b>\$ 8</b>	<b>\$ 7,794</b>	<b>\$ 2,574</b>	<b>\$ 3,115</b>
<b>Basic earnings per share</b>	<b>\$ 0.35</b>	<b>\$ 0.33</b>	<b>\$ 1.21</b>	<b>\$ 0.98</b>	<b>\$ 0.24</b>	<b>\$ 0.39</b>
<b>Diluted earnings per share</b>	<b>\$ 0.35</b>	<b>\$ 0.33</b>	<b>\$ 1.20</b>	<b>\$ 0.98</b>	<b>\$ 0.24</b>	<b>\$ 0.39</b>

See notes to consolidated financial statements. 2

## **BV FINANCIAL, INC. AND SUBSIDIARIES**

### **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME** (unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
(dollars in thousands)	2023	2022	2023	2022	2024	2023
<b>Net income</b>	\$ 3,684	\$ 2,612	\$ 10,698	\$ 7,794	\$ 2,574	\$ 3,115
<b>Other comprehensive loss</b>						
<b>Other comprehensive income</b>						
Unrealized loss on securities available for sale	(347)	(909)	(252)	(3,109)	3	369
Income tax relating to securities available for sale	95	250	69	855	(1)	(101)
Other comprehensive loss	(252)	(659)	(183)	(2,254)		
Other comprehensive income					2	268
<b>Total comprehensive income</b>	<b>\$ 3,432</b>	<b>\$ 1,953</b>	<b>\$ 10,515</b>	<b>\$ 5,540</b>	<b>\$ 2,576</b>	<b>\$ 3,383</b>

See notes to consolidated financial statements. 3

## **BV FINANCIAL, INC. AND SUBSIDIARIES**

### **CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

(unaudited)

For the Three Months Ended **September 30, 2023** **March 31, 2024** and **2022 2023**

	Common	Paid-in	Unearned common stock held by ESOP	Retained earnings	Accumulated other comprehensive loss	Total
(dollars in thousands)	stock	capital				

<b>Balance, June 30, 2023</b>	\$	74	\$	15,599	\$	—	\$	91,079	\$	(2,272)	\$	104,480
Net income		—		—		—		3,684		—		3,684
Other comprehensive loss												
(net of tax of \$95)		—		—		—		—		(252)		(252)
Stock compensation		—		63		—		—		—		63
Proceeds from issuance of common stock, net of offering costs		40		94,702		—		—		—		94,742
Purchase of unearned common stock held by ESOP plan		—		—		(7,839)		—		—		(7,839)
ESOP shares committed to be released		—		—		204		—		—		204
		<u>—</u>		<u>—</u>		<u>204</u>		<u>—</u>		<u>—</u>		<u>204</u>
<b>Balance, September 30, 2023</b>	<b>\$</b>	<b>114</b>	<b>\$</b>	<b>110,364</b>	<b>\$</b>	<b>(7,635)</b>	<b>\$</b>	<b>94,763</b>	<b>\$</b>	<b>(2,524)</b>	<b>\$</b>	<b>195,082</b>

					Accumulated	
			Unearned		other	
	Common	Paid-in	common	Retained	comprehen	
			stock		si	
			held by		ve	
(dollars in thousands)	stock	capital	ESOP	earnings	loss	Total
Balance, June 30, 2022	\$ 74	\$ 14,273	\$ —	\$ 79,270	\$ (1,691)	\$ 91,926
Net income	—	—	—	2,612	—	2,612
Other comprehensive loss						
(net of tax of \$250)	—	—	—	—	(659)	(659)
Stock compensation	—	92	—	—	—	92
Balance, September 30, 2022	\$ 74	\$ 14,365	\$ —	\$ 81,882	\$ (2,350)	\$ 93,971

	Common stock		Paid-in capital		Unearned common stock held by ESOP		Retained earnings		Accumulated other comprehensive loss		Total	
(dollars in thousands)		stock		capital		by ESOP		earnings		ve loss		Total
Balance, December 31, 2023	\$	114	\$	110,465	\$	(7,328)	\$	97,772	\$	(1,958)	\$	199,065
Net income		—		—		—		2,574		—		2,574



	Commo n stock	Paid-in capital	Unearned common stock held by ESOP	Retained earnings	other comprehe nsive loss	Total
(dollars in thousands)						
<b>Balance, December 31, 2022</b>	\$ 74	\$ 15,406	\$ —	\$ 84,612	\$ (2,341)	\$ 97,751
Net income	—	—	—	10,698	—	10,698
Other comprehensive loss						
(net of tax of \$69)	—	—	—	—	(183)	(183)
Stock compensation	—	256	—	—	—	256
Proceeds from issuance of common stock, net of offering costs	40	94,702	—	—	—	94,742
Purchase of unearned common stock held by ESOP plan	—	—	(7,839)	—	—	(7,839)
ESOP shares committed to be released	—	—	204	—	—	204
CECL ASU 326 transition	—	—	—	(547)	—	(547)
<b>Balance, September 30, 2023</b>	<b>\$ 114</b>	<b>\$ 4</b>	<b>\$ (7,635)</b>	<b>\$ 94,763</b>	<b>\$ (2,524)</b>	<b>\$ 2</b>

  

	Commo n stock	Paid-in capital	Unearned common stock held by ESOP	Retained earnings	Accumulat ed other comprehe nsive loss	Total
(dollars in thousands)						
<b>Balance, December 31, 2021</b>	\$ 71	\$ 9,383	\$ —	\$ 74,088	\$ (96)	\$ 83,446
Net income	—	—	—	7,794	—	7,794
Shares issued to M.H.C. for NASB merger	2	4,500	—	—	—	4,502
Other comprehensive loss						
(net of tax of \$855)	—	—	—	—	(2,254)	(2,254)
Stock compensation	1	463	—	—	—	464
Stock options exercised	—	19	—	—	—	19
<b>Balance, September 30, 2022</b>	<b>\$ 74</b>	<b>\$ 14,365</b>	<b>\$ —</b>	<b>\$ 81,882</b>	<b>\$ (2,350)</b>	<b>\$ 93,971</b>

See notes to consolidated financial statements. 5

**BV FINANCIAL, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

(unaudited)

	Nine Months Ended		Three Months Ended March 31,	
	September 30,			
(dollars in thousands)	2023	2022	2024	2023
<b>Cash flows from operating activities</b>				
Net income	\$ 10,698	\$ 7,794	\$ 2,574	\$ 3,115
Adjustments to reconcile net income to net cash provided by operating activities				
Net accretion of discounts and premiums	(145)	(452)	—	(109)
Provision for (recovery of ) credit losses	(480)	587		
Gain on sale of foreclosed real estate	(678)	—		
Gain on bargain purchase	—	(694)		
Provision for credit losses			18	2
Amortization of deferred loan fees/costs	(335)	(1,198)	(38)	(173)
Amortization of intangible assets	138	137	45	46
Amortization of debt issuance costs	117	116	39	39
Write-off fair market value of subordinate debt			566	0
Depreciation of premises and equipment	652	651	212	218
Gain on sale of assets	(188)	(279)		
Deferred tax expense	345	189	269	—
Increase in cash surrender value of life insurance	(313)	(310)	(87)	(83)
Stock-based compensation expense	256	483	27	65
ESOP shares committed to be released	204	—		
Decrease in accrued interest and other assets	144	1,051	714	431
Increase (decrease) in other liabilities	1,284	(306)		
Increase in other liabilities			228	56
<b>Net cash provided by operating activities</b>	<b>11,699</b>	<b>7,769</b>	<b>4,567</b>	<b>3,607</b>
<b>Cash flows from investing activities</b>				
Proceeds from maturities and principal payments of investment securities available for sale	3,929	6,400	6,321	1,243
Purchases of investment securities available for sale	(6,918)	(5,080)	(5,328)	(4,002)
Proceeds from maturities and principal payments of investment securities held to maturity	434	1,507	56	58

Purchases of investment securities held to maturity	—	(6,911)		
Net increase in loans	(40,140)	(27,772)	(3,869)	(14,213)
Purchase of premises and equipment	(117)	(209)	(435)	(49)
Proceeds from sale of premises and equipment	456	709		
Proceeds from life insurance benefits	731	—	—	731
Purchase of participation foreclosed real estate	(57)	—		
Proceeds from sale of foreclosed real estate	2,167	—		
Proceeds from sale of Federal Home Loan Bank Stock	8	—		
Proceeds from sale of Federal Home Loan Bank stock			—	8
Purchase of Federal Home Loan Bank of Atlanta stock	(1,438)	(85)	(28)	(1,083)
Net cash received in acquisition	—	8,521		
<b>Net cash used in investing activities</b>	<b>(40,945)</b>	<b>(22,920)</b>	<b>(3,283)</b>	<b>(17,307)</b>
<b>Cash flows provided by financing activities</b>				
Increase in official checks	1,118	201		
Net decrease in deposits	(37,861)	(16,411)		
Increase (decrease) in advance payments by borrowers for taxes and insurance	(607)	(1,426)		
(Decrease) increase in official checks			(218)	400
Net increase (decrease) in deposits			5,412	(17,525)
Increase in advance payments by borrowers for taxes and insurance			1,710	1,280
Advances from the Federal Home Loan Bank of Atlanta	25,500	—	—	25,500
Purchase of unearned common stock held by employee stock ownership plan	(7,839)	—		
Issuance of common stock funded by stock offering	97,990	—		
Offering costs	(3,248)	—		
Stock options exercised	—	19		
<b>Net cash provided by (used in) financing activities</b>	<b>75,053</b>	<b>(17,617)</b>		
Repayment of subordinate debt			(3,093)	—
<b>Net cash provided by financing activities</b>			<b>3,811</b>	<b>9,655</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>45,807</b>	<b>(32,768)</b>	<b>5,095</b>	<b>(4,045)</b>
Cash and cash equivalents at beginning of period	68,652	111,190	73,742	68,652
<b>Cash and cash equivalents at end of period</b>	<b>\$ 114,459</b>	<b>\$ 78,422</b>	<b>\$ 78,837</b>	<b>\$ 64,607</b>
<b>Supplementary cash flows information</b>				
Interest paid	\$ 7,434	\$ 2,800	\$ 2,480	\$ 1,488
Income taxes paid	\$ 3,855	\$ 3,210	\$ 269	\$ 1,190
<b>Supplementary noncash transactions</b>				

Impact of ASC 326 adoption

\$	547	\$	—	\$	—	\$	547
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See notes to consolidated financial statements. 65

## **BV FINANCIAL, INC. AND SUBSIDIARIES**

### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **General**

The unaudited consolidated financial statements and other financial information contained in this Quarterly Report on Form 10-Q should be read in conjunction with the audited consolidated financial statements and related notes, of BV Financial, Inc. (the "Company") as of and included in our Annual Report on Form 10-K for each of the years year ended December 31, 2022 and 2021, contained in the Company's definitive prospectus dated May 15, 2023, as filed with the Securities and Exchange Commission on May 23, 2023 December 31, 2023.

#### **Business**

The Company BV Financial, Inc. ("BV Financial," the "Company" or "we") was organized as a federally chartered federal corporation and savings and loan holding company in January 2005 to become the mid-tier stock holding company for Bay-Vanguard Federal Savings Bank, a federally chartered savings bank, upon the completion as part of its reorganization into the mutual holding company form reorganization of organization. Pursuant Bay-Vanguard Federal Savings Bank. In February 2019, the Company became a Maryland-chartered corporation and a bank holding company.

Prior to the Plan consummation of Reorganization, the Bank converted its mutual to stock form with all of its stock owned by conversion in July 2023, BayVanguard, M.H.C., Inc. (the "MHC") was the Company and organized Bay-Vanguard, M.H.C. (the "M.H.C.") as a federally chartered Maryland-chartered mutual holding company that owned of the Company. The MHC's only business was the ownership of 55 86.3% of the outstanding common stock of the Company. In August 2018, Bay-Vanguard Federal Savings Bank became On January 19, 2023, the MHC adopted a Maryland-chartered stock savings bank Plan of Conversion and changed its name Reorganization (the "Plan") pursuant to which the MHC undertook a "second-step" conversion and BayVanguard Bank (the "Bank" "Bank"). In February 2019, each of, the M.H.C. and Company's wholly owned subsidiary, reorganized from the Company became a Maryland-chartered corporation. In February 2019, the Company issued 4,099,822 shares two-tier mutual



holding company structure to the M.H.C. in connection with the acquisition of Kopernik Bank ("Kopernik"). In January 2022, the Company issued 251,004 shares to the M.H.C. in connection with the acquisition of North Arundel Savings Bank. At June 30, 2023 and December 31, 2022, the M.H.C. owned 86.15% and 86.28% of the common stock of the Company, respectively.

On July 31, 2023, the Company completed its conversion from the mutual holding company form of reorganization to the fully-public stock holding company form of organization structure (the "Conversion" "Conversion"). In connection with The Conversion was consummated on July 31, 2023 on which date the Conversion, the M.H.C. MHC ceased to exist. Also as part of the Conversion, the Company sold 9,798,980 shares of its common stock (which included 783,918 shares issued to the ESOP) at a price of \$10.00 per share. Each outstanding share of Company common stock owned by the existing public stockholders of the Company (stockholders other than the M.H.C.) were converted into new shares of Company common stock based on an exchange ratio of 1.5309-to-1. Gross proceeds from the conversion totaled \$90.2 million and net proceeds were \$86.9 million. The Company had 11,375,803 shares of Company common stock outstanding as a result of the stock offering and Conversion. Additionally, concurrently with The Company is a registered bank holding company subject to comprehensive regulation and examination by the Board of Governors of the conversion, the Bank converted to a Maryland-Chartered Commercial Bank. Federal Reserve System (the "Federal Reserve Board").

The Bank is headquartered in Baltimore, Maryland and is a full-service community-oriented financial institution dedicated to serving the financial service needs of consumers and businesses. The Bank is engaged primarily in the business of attracting deposits from the general public and using such funds to originate one-to-four-family real estate, construction, multi-family, commercial real estate, farm, marine loans, commercial and consumer loans.

The Bank's deposits are insured up to the applicable legal limits by the Federal Deposit Insurance Corporation's Deposit Insurance Fund. The Bank is a member of the Federal Home Loan Bank System.

## Principles of Consolidation

The consolidated financial statements include the accounts of the Company the Bank and the wholly-owned subsidiaries of the Bank. All intercompany balances and transactions have been eliminated in consolidation.

## Basis of Financial Statement Presentation and Significant Estimates

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. America "GAAP". In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated balance sheet and revenues and expenses for the period. Actual results could differ significantly 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, goodwill and intangible asset impairment, and the valuation of deferred tax assets.

**BV FINANCIAL, INC. AND SUBSIDIARIES****Significant Group Concentrations of Credit Risk**

Most A significant portion of the Company's activities are with customers located within the Baltimore metropolitan area and on the Eastern Shore of Maryland. The Company does not have any significant concentrations to any one industry or customer.

**Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, amounts due from banks, cash items in the process of clearing, and interest-bearing deposits with banks with original maturities of less than 90 days.

**Securities**

The Company classifies investment securities as held to maturity ("HTM") or available for sale ("AFS"). Debt securities that the Company has the positive intent and ability to hold to maturity are classified as held to maturity and are reported at amortized cost (including amortization of premiums or accretion of discounts). Net unrealized gains and losses for debt securities classified as available for sale are recognized as increases or decreases in other comprehensive income or loss, net of taxes, and excluded from the determination of net income.

Equity securities are reported at fair value with unrealized gains and losses included in net gains/losses in noninterest income.

Realized gains and losses on sales of securities are determined using the specific identification method and are included in earnings. Premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Premiums and discounts on callable debt securities are amortized through the earliest call date.

When the fair value of an AFS debt security has declined below its amortized cost basis, the Company is required to assess whether the decline is from a credit loss or other factor. factors. For securities that are not explicitly guaranteed by the federal government, an analysis is performed on the individual security using the latest available information to determine if the decline in fair value is attributable to a credit loss. If such

determination is made, the Company would record an allowance for credit loss for the debt instrument. As of September 30, 2023 March 31, 2024, we have recognized no credit losses on AFS securities.

For HTM debt securities, an allowance will be recognized when lifetime credit losses are expected, in an amount that reflects the expected contractual credit losses, even when the risk of such loss is remote. Any security, either explicitly or implicitly guaranteed by the U.S. Government is excluded from this analysis. This includes U.S. Treasury securities, securities issued by agencies of the U.S. Government and mortgage-backed securities issued by Ginnie Mae, Fannie Mae and Freddie Mac.

The allowance for credit losses ("ACL") for HTM securities is computed using bond global default rates tracked by S&P with a loss given default of 45%. Accrued interest receivable on the HTM debt securities excluded from this analysis totaled \$12,000 at September 30, 2023 March 31, 2024.

### **Federal Home Loan Bank Stock**

Federal law requires a member institution of the Federal Home Loan Bank (the "FHLB") System to hold stock of its district FHLB Federal Home Loan Bank (the "FHLB") in an amount determined by both asset size and borrowings from the FHLB. Purchases and sales of stock are made directly with the FHLB at par value.

The Bank held \$2.4654,000 million and \$977,000 626,000 of FHLB restricted stock at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

The restricted stock is carried at cost. Management evaluates whether this investment is impaired based on its assessment of the ultimate recoverability of the investment rather than by recognizing temporary declines in value. The determination of whether a decline affects the ultimate recoverability of the investment is influenced by criteria such as (1) the significance of the decline in net assets of the FHLB as compared to the capital stock amount for the FHLB and the length of time this

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### **BV FINANCIAL, INC. AND SUBSIDIARIES**

situation has persisted, (2) commitments by the FHLB to make payments required by law or regulation and (3) the impact of legislative and regulatory changes on institutions and, accordingly, on the customer base of the FHLB.

## Loans Receivable

Loans receivable are stated at unpaid principal balances, adjusted for premiums and discounts on loans purchased, the undisbursed portion of loans in process, net deferred loan origination fees and costs, fair value adjustments on loans acquired in a merger, and the allowance for credit losses. Interest income is accrued on the unpaid principal balance.

Loan origination fees and costs are deferred and recognized as an adjustment to the yield of the related loans.

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Company is amortizing these amounts over the contractual life of the loan using the interest method. For purchased

loans, the related premium or discount is recognized over the contractual life of the purchased loan and is included as

part of interest income. The accrual of interest is generally discontinued when the contractual payment of principal or

interest has become 90 days past due or management has serious doubts about further collectability of principal or

interest, even though the loan is currently performing. A loan may remain on accrual status if it is in the process of

collection and is either guaranteed or well secured. When a loan is placed on **nonaccrual non-accrual** status, unpaid interest

credited to income is reversed. Interest received on **nonaccrual non-accrual** loans generally is either applied against principal or

reported as interest income, according to management's judgment as to the collectability of principal. Generally, loans

are restored to accrual status when the obligation is brought current, has performed in accordance with the contractual

terms for a reasonable period of time and the ultimate collectability of the total contractual principal and interest is no

longer in doubt.

All of the **Interest payments on impaired** loans acquired in connection with business combinations on the Company's balance sheet were acquired prior to the adoption of Accounting Standards Codification ("ASC") 320 on January 1, 2023. The accounting for these loans is described below.

Loans acquired in connection with business combinations are recorded at fair value with no carryover of any allowance for loan losses. Fair value of the loans involves estimating the amount and timing of principal and interest cash flows expected to be collected on the loans and discounting those cash flows at a market rate of interest.

The excess of cash flows expected at acquisition over the estimated fair value is referred to as the accretable discount and is recognized into interest income over the remaining life of the loan. The difference between contractually required payments at acquisition and the cash flows expected to be collected at acquisition is referred to as the non-accretable discount. These purchased credit impaired ("PCI") loans are accounted for under FASB's Accounting Standards Codification ("ASC 310-30", Loans and Debt Securities Acquired with Deteriorated Credit Quality). The non-accretable discount includes estimated future credit losses expected to be incurred over the life of the loan. Subsequent decreases in expected cash flows will require the Company to evaluate the need for an addition to the allowance for loan losses. Subsequent improvement in expected cash flows will result in the reversal of a corresponding amount of the non-accretable discount, which will then be reclassified same manner as accretable discount to be recognized into interest income over the remaining life of the loan.

ASC 326 supersedes this guidance for PCI assets and replaces the concept with purchased credit deteriorated ("PCD") designation. PCD assets are acquired assets that as of the date of the acquisition have experienced a more than insignificant deterioration in credit quality since origination.

Loans acquired through business combinations that do not meet the specific criteria of ASC 310-30 are accounted for under ASC 310-20, Receivables - Nonrefundable Fees and Other Costs. These loans are initially recorded at fair value, and include premiums and discounts as acquisition accounting adjustments. These purchase premiums or discounts are subsequently amortized as an adjustment to yield over the estimated contractual lives of the payments on nonaccrual loans. An allowance for credit losses is recorded for any credit deterioration in these loans subsequent to acquisition.

Acquired loans that meet the criteria for impairment or nonaccrual of interest prior to the acquisition may be considered performing upon acquisition, regardless of whether the borrower is contractually delinquent if the Company expects to fully collect the new carrying value (i.e., fair value) of the loans. At acquisition, these loans may have discounts to adjust the loans to fair value. These discounts are considered non-accretable until the loan is paid in full or until an improvement in expected cash flows is illustrated. As such, the Company may no longer consider the loan to be nonperforming and may

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#### **BV FINANCIAL, INC. AND SUBSIDIARIES**

accrue interest on these loans, including the impact of any accretable discount. In addition, charge-offs on such loans would be first applied to the non-accretable discount.

#### **Allowance for Credit Losses**

The ACL is an estimate of the expected credit losses for loans held for investment and for off-balance sheet exposures. ASC 326, "Financial Instruments-Credit Losses," requires an immediate recognition of the credit loss expected to occur over the lifetime of a financial asset whether originated or purchased. Charge-offs are recorded to the ACL when management believes the loan is uncollectible. Subsequent recoveries, if any, are credited to the ACL. Management believes the ACL is maintained in accordance with U.S. generally accepted accounting principles ("GAAP") and is in compliance with appropriate regulatory guidelines.

The ACL includes quantitative estimates of losses for collectively and individually evaluated loans. The quantitative estimate for collectively evaluated loans (other than investor commercial real estate loans) is determined using the average charge-off method that utilizes historical losses for all Maryland banks with assets less than \$1 billion beginning in March 2000. The loss history is updated through the most recent quarter-end prior to the reporting period. The investor commercial real estate portfolio utilizes the national loss history for banks with assets less than \$1 billion over the same time period. Investor CRE loans are made nationwide, therefore, management deems it appropriate to utilize national loss rates when evaluating this portfolio. Adjustments are made to the historical loss factors under each scenario for economic conditions, portfolio concentrations, collateral values, the level and trend of delinquent and problem loans and internal changes in staffing, loan policies and monitoring of the portfolio. Loans are selected for individual evaluation primarily based on their payment status and whether the loan has been placed on non-accrual. Loans on non-accrual status include all loans greater than 90 days delinquent and other loans with weaknesses sufficient for management to place these loans on non-accrual status.

The ACL is measured on a collective basis when similar risk factors exist as determined by internal loan coding and assignment to a portfolio segment.

The Company utilizes reasonable and supportable forecasts of future economic conditions when estimating the ACL on loans. The model's calculation also uses an adjustment for a 12-month forecast period utilizing the most recent 12-month economic forecast from the Board of Governors of the Federal Reserve System for national gross domestic product ("GDP"). The model compares the average history of loss rates described above to the forecasted GDP to determine the value of the forward looking adjustment.

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### **BV FINANCIAL, INC. AND SUBSIDIARIES**

The establishment of the allowance for credit losses is significantly affected by management's judgment and by economic and other uncertainties, and there is a likelihood that different amounts would be reported under different conditions or assumptions. The Federal Deposit Insurance Corporation (the "FDIC") and the Maryland Office of the Commissioner of Financial Regulation, as an integral part of their examination process, periodically review the allowance for credit losses for reasonableness and, as a result of such reviews, we may be required to increase our ACL or recognize loan charge-offs.

The calculation of ACL excludes accrued interest receivable balances because these balances are reversed in a timely manner against previously recognized interest income when a loan is placed on non-accrual status.

### **Loan Commitments and Allowance for Credit Losses on Off-Balance Sheet Credit Exposure**

The Company's off-balance sheet credit instruments primarily consist of unfunded commitments on existing loans. In the ordinary course of business, the Company has entered into commitments to extend credit. Such

financial instruments are recorded on the balance sheet when they are funded.

The Company records a reserve for unfunded commitments on off-balance sheet credit exposures through a charge to the provision for credit loss expense. The reserve is estimated by loan segment at each measurement date under the ASC 326 model using the same methodologies as portfolio loans, taking into consideration the likelihood that funding will occur, and is included in other liabilities on the Company's consolidated balance sheets.

In the ordinary course of business, the Company has entered into commitments to extend credit. Such financial instruments are recorded on the balance sheet when they are funded.

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## **BV FINANCIAL, INC. AND SUBSIDIARIES**

### **Mortgage Loans Held for Sale**

Mortgages originated for sale are carried at the lower of aggregate cost or fair value of each outstanding loan. Sales of loans are recorded when the proceeds are received. Any gain or loss is recorded in noninterest income. There were no mortgage loans held for sale on September 30, 2023, March 31, 2024 or December 31, 2022, December 31, 2023.

The Company sells certain of its mortgage loans on a best effort basis to third-party investors on a servicing released basis. Upon sale and delivery, loans are legally isolated from the Company and the Company has no ability to restrict or constrain the ability of third-party investors to pledge or exchange the mortgage loans. The Company does not have the entitlement or ability to repurchase the mortgage loans or unilaterally cause third-party third-party investors to put the mortgage loans back to the Company.

### **Foreclosed Real Estate**

Foreclosed real estate and repossessed assets are composed of property acquired through a foreclosure proceeding or acceptance of a deed in lieu of foreclosure. If the fair value of the asset, net of estimated selling costs, is less than the related loan balance at the time of acquisition, a charge against the allowance for credit losses is recorded. After foreclosure, valuations are periodically performed by management and the assets are carried at the lower of cost or fair value less estimated costs to sell. Revenues and expenses from operations and changes in the valuation allowance are included in noninterest income and expenses.

### **Premises and Equipment**

Land is stated at cost. Premises and equipment are stated at cost less accumulated depreciation. Depreciation is computed based on the straight-line method over the estimated useful lives of the respective assets. Expenditures for improvements are capitalized while costs for maintenance and repairs are expensed as incurred.

### **Leases**

The Company determines if an arrangement is a lease at inception. All of the Company's leases are currently classified as operating leases and are included in other assets and other liabilities on the Company's Consolidated Balance Sheets. Periodic operating lease costs are recorded in occupancy expenses of premises on the Company's Consolidated Statements of Income.

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 arrangements. Operating lease ROU

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### **BV FINANCIAL, INC. AND SUBSIDIARIES**

assets and liabilities are recognized at the lease commencement date based on the present value of the expected future lease payments over the remaining lease term. In determining the present value of future lease payments, the Company uses its incremental borrowing rate based on the information available at the lease commencement date. The operating ROU assets are adjusted for any lease payments made at or before the lease commencement date, initial direct costs, any lease incentives received and, for acquired leases, any favorable or unfavorable fair value adjustments. The present value of the lease liability may include the impact of options to extend or terminate the lease when it is reasonably certain that the Company will exercise such options provided in the lease terms. Lease expense is recognized on a straight-line basis over the expected lease term. Lease agreements that include lease and non-lease components, such as common area maintenance charges, are accounted for separately.

### **Investment in Life Insurance**

Investment in life insurance is reflected at the net cash surrender value to the Company.

### **Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets acquired. Goodwill is evaluated for impairment at least annually, annually and on an interim basis if an event or circumstance indicates it is likely an impairment has occurred. Any impairment of goodwill would be recorded against income in the period of impairment.

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### **BV FINANCIAL, INC. AND SUBSIDIARIES**

### **Intangible Assets**

Intangible assets, consisting of core deposit intangibles, represent purchased assets that also lack physical substance but can be distinguished from goodwill because of contractual or other legal rights or because the asset is capable of being sold or exchanged on its own or in combination with a related contract, asset or



liability. Core deposit intangibles are amortized on an accelerated basis over an estimated useful life. Core deposit intangibles are evaluated annually for impairment. Any impairment of intangible assets would be recorded against income in the period of impairment.

### Deferred Income Taxes

Deferred income taxes are recognized for temporary differences between the financial reporting basis and income tax basis of assets and liabilities based on enacted tax rates expected to be in effect when such amounts are realized or settled. Deferred tax assets are recognized only to the extent that it is more likely than not that such amounts will be realized based on consideration of available evidence.

### Statements of Cash Flows

Cash and cash equivalents in the statements of cash flows include cash, federal funds sold and interest-bearing deposits in other banks. Federal funds are generally purchased and sold for one-day periods.

### 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.

### Earnings Per Share

Basic earnings per share ~~is~~ are computed by dividing net income by the weighted average number of common shares outstanding for the appropriate period. Diluted earnings per share ~~is~~ are computed by dividing net income by the weighted average shares outstanding as adjusted for the dilutive effect of stock options based on the treasury stock method. Unearned ESOP shares are removed from the weighted average number of shares in the calculations. As of September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023, the Company had 55,648 and 57,179 36,350 shares, respectively, of unexercised stock options. As a result of the second-step conversion,

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### **BV FINANCIAL, INC. AND SUBSIDIARIES**

Conversion, the shares have been adjusted to reflect the 1.5309-to-1 exchange ratio. Options with an exercise price greater than the average market price of the common shares are excluded from the calculation as their effect would be anti-dilutive.

Information related to the calculation of earnings per share is presented in Note 13. 12.

## Stock Based Stock-Based Compensation

The Company accounts for stock-based compensation under the fair value method of accounting. For stock options, the Company uses a Black-Scholes valuation model to measure stock-based compensation expense at the date of grant. Compensation expense related to stock-based awards is recognized over the period during which an individual is required to provide service in exchange for such award.

## Revenue Recognition

Management is required by accounting pronouncements governing the recognition of revenue to recognize revenue when the Company transfers promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The Company records revenue from contracts with customers in accordance with ASC 606, "Revenue from Contracts with Customers." Under ASC 606, the Company must identify the contract with a customer, identify the performance obligations

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## **BV FINANCIAL, INC. AND SUBSIDIARIES**

in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract, and recognize revenue when (or as) the Company satisfies a performance obligation.

The Company's primary sources of revenue are derived from interest and dividends earned on loans, investment securities, and other financial instruments that are not within the scope of ASC 606. The Company evaluated the nature of its contracts with customers and determined that further disaggregation of revenue from contracts with customers into more granular categories beyond what is presented in the Consolidated Statements of Income was not necessary. The Company generally fully satisfies its performance obligations on its contracts with customers as services are rendered and the transaction prices are typically fixed; charged either on a periodic basis or based on activity.

## Recently Adopted Accounting Standards

On January 1, 2023, the Company adopted *Accounting Standards Updates (ASU) 2016-13 "Financial Instruments – Credit Losses*

*ASU 2023-07, "Segment Reporting (Topic 326): Measurement of Credit Losses on Financial Instruments."* ASC 326 requires entities 280), Improvements to estimate an allowance for credit losses (ACL) on certain types of financial instruments measured at amortized cost using a current expected credit losses (CECL) methodology, replacing the previously-required incurred loss methodology. It also applies to unfunded commitments to extend credit, including loan commitments, standby letters of credit, and other similar instruments. The impairment model for held-to-maturity and available-for-sale debt securities was modified and ASC 326 also provided for a simplified accounting model for purchased financial assets with credit deterioration since their origination. Reportable Segment Disclosures." The amendments in ASU 2023-07 are intended to improve reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses. This ASU requires disclosure of ASC 326, upon significant segment expenses that are regularly

provided to the chief operating decision mark ("CODM"), an amount for other segment items by reportable segment and a description of its composition, all annual disclosures required by FASB ASU Topic 280 in interim periods as well, and the title and position of the CODM and how the CODM uses the reported measures. Additionally, this ASU requires that at least one of the reported segment profit and loss measures should be the measure that is most consistent with the measurement principles used in an entity's consolidated financial statements. Lastly, this ASU requires public business entities with a single reportable segment to provide all disclosures required by these amendments in this ASU and all existing segment disclosures in Topic 280. This ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption **were** is permitted. The amendments should be applied retrospectively. The adoption of ASU 2023-07 is not expected to have a material impact on the Bank's financial statements.

ASU 2023-09, "Income Taxes (Topic 740), Improvement to Income Tax Disclosures." The amendments in ASU 2023-09 require an entity to disclose specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold, which is greater than five percent of the amount computed by multiplying pretax income by the entity's applicable statutory rate, on an annual basis. Additionally, the amendments in this ASU require an entity to disclose the amount of income taxes paid (net of refunds received) disaggregated by federal, state, and foreign taxes and the amount of income taxes paid (net of refunds received) disaggregated by individual jurisdictions that are equal to or greater than five percent of total income taxes paid (net of refunds received). Lastly, the amendments in this ASU require an entity to disclose income (or loss) from continuing operations before income tax expense (or benefit) disaggregated between domestic and foreign and income tax expense (or benefit) from continuing operations disaggregated by federal, state, and foreign. This ASU is effective for annual periods beginning after December 15, 2024. Early adoption is permitted. The amendments should be applied on a **modified** prospective basis; however, retrospective basis, by recording an increase in the reported balance of loans and the allowance for credit losses on loans, an increase in the liability for credit losses on commitments to extend credit and reducing total equity of both the Company and the Bank. As a result of adopting ASC 326, the Company recorded a decrease to retained earnings, net of taxes, of \$547,000. **application is permitted.** The **addition to PCD loans and ACL upon** adoption of ASC 326 was \$3.8 million.

#### ASU Update 2022-02

On January 1, 2023, 2023-09 is not expected to have a material impact on the Company adopted ASU 2022-02 – *Financial Instruments-Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures*. ASU 2022-02 eliminated the troubled debt restructurings ("TDRs") recognition and measurement guidance and, instead requires that an entity evaluate whether the modification represents a new loan or a continuation of an existing loan. The amendments enhance existing disclosure requirements and introduce new requirements related to certain modifications of receivables made to borrowers experiencing Bank's financial difficulty. In addition, ASU Update 2022-02 requires that an entity disclose current-period gross write-offs by year of origination for financing receivables and net investment in leases. The Company adopted ASU 2022-02 using a modified retrospective transition method for TDRs. The impact of adoption was immaterial. The disclosure amendments in the Update 2022-02 were applied prospectively.

The following table shows the impact of the Company's adoption of ASC 326 on loans, the allowance for credit losses, and the Company's reserve for unfunded commitments.

January 1, 2023

(dollars in thousands)	As Reported Under	Pre-ASC 326	
	ASC 326	Adoption	Change
Total loans, net of deferred fees and costs	\$ 666,722	\$ 662,944	\$ 3,778
Allowance for credit losses-loans	(8,045)	(3,813)	(4,232)
Total loans, net	658,677	659,131	(454)
Liabilities: Reserve for Unfunded Commitments	\$ 289	\$ 5	\$ 284

## Reclassification

Certain prior period amounts, escrows and operating accounts, have been reclassified to conform with the current period's presentation. Such reclassifications had no effect on net income or stockholders' equity. statements.

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## BV FINANCIAL, INC. AND SUBSIDIARIES

### NOTE 2 - MERGER

On January 1, 2022, North Arundel Savings Bank ("NASB") was merged into BayVanguard Bank. At closing, NASB had \$34.2 million in loans and \$40.8 million in deposits. As part of this transaction, BV Financial, Inc. issued 251,004 shares to the M.H.C.

The assets acquired and liabilities assumed were accounted for under the acquisition method of accounting. The assets and liabilities were recorded at their fair values as of January 1, 2022 based on management's best estimate using the information available as of the merger date. The application of the acquisition method of accounting resulted in the recognition of a bargain purchase gain of \$1.3 million and a core deposit intangible of \$85,000.

In 2022, the Company incurred merger related expenses of \$1.6 million, which were recorded in the Consolidated Statements of Income. These costs were expensed as incurred.

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## BV FINANCIAL, INC. AND SUBSIDIARIES

A summary of the NASB transaction during the period ended December 31, 2022 follows:

### ACQUISITION OF NORTH ARUNDEL SAVINGS BANK (NASB)

(dollars in thousands)	As recorded by NASB	Fair value adjustments		As recorded at acquisition
Fair Value of Equity Acquired				\$ 5,460
Cash & cash equivalents	\$ 8,521	\$ —		8,521
Securities held to maturity	772	12 (a)		784
Securities available for sale	1,500	(36) (a)		1,464
Loans receivable	34,258	(85) (b)		34,173
Allowance for loan loss	(236)	236 (c)		—
Premises and equipment	258	1,017 (d)		1,275
Core deposit intangible	—	85 (e)		85
Deferred taxes	49	198 (f)		247
Other assets	1,259	—		1,259
Total Assets Acquired	46,381	1,427		47,808
Liabilities assumed				
Deposits	40,321	439 (g)		40,760
Advance payments by borrowers for taxes and insurance	121	—		121
Accrued expenses and other liabilities	127	—		127
Total liabilities assumed	\$ 40,569	\$ 439		\$ 41,008
Net assets acquired				\$ 6,800
Bargain purchase gain recorded at merger				\$ 1,340

(a) Represents the fair value adjustments to the investment securities at the acquisition date.

(b) Represents the fair value adjustments on the net book value of loans, which includes an interest rate mark and credit mark adjustment, which will be amortized over the remaining life of the loans.

(c) Represents the elimination of the NASB allowance for loan loss.

(d) Represents the fair value adjustments to reflect fair value of land and buildings which will be amortized on a straight-line basis over the estimated useful lives of the assets.

(e) Represents the intangible asset recorded to reflect the fair value of core deposits. The core deposit asset was recorded as an identified intangible asset and will be amortized on a straight-line basis over ten years.

(f) Represents the deferred tax asset resulting from the fair value adjustments related to the acquired assets, liabilities assumed, identified intangibles recorded and for the net operating loss carry forward for NASB.

(g) Represents fair value adjustments on time deposits, which will be treated as a reduction in interest expense.

The fair value of loans acquired from North Arundel Savings Bank was estimated using cash flow projections based on the remaining maturity and repricing terms. Cash flows were adjusted by estimating future credit losses and the rate of prepayments. Projected monthly cash flows were then discounted to present value using a risk-adjusted market rate for similar loans. There was no carryover of North Arundel Savings Bank's allowance for loan losses associated with the loans that were acquired. The core deposit intangible asset recognized is being amortized over its estimated useful life of approximately 10 years utilizing the straight-line method. The acquisition was accounted for under the acquisition method of accounting in accordance with ASC Topic 805, Business Combinations. Accordingly, the Company recognizes amounts for identifiable assets acquired and liabilities assumed at their estimated acquisition date fair value.

There were no PCI loans acquired in this transaction.

The following table details the acquired loans as of January 1, 2022:

(dollars in thousands)	
Contractually required principal at acquisition	\$ 34,258
Contractual cash flows not expected to be collected (credit mark)	(394)
Expected cash flows at acquisition	33,864
Interest component of expected cash flows (accretable premium)	309
Fair value of acquired loans	\$ 34,173

The NASB was a merger transaction with a mutual bank and, thus, no consideration was given.

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## **BV FINANCIAL, INC. AND SUBSIDIARIES**

### **NOTE 3 - SECURITIES**

Securities available for sale at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 consisted of the following:

(dollars in thousands)	March 31, 2024			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
<i>Available for sale</i>				
Agencies	\$ 691	\$ —	\$ 1	\$ 690
Corporate securities	1,724	—	292	1,432
Mortgage-backed securities	28,700	4	2,405	26,299
Treasury	5,335	—	4	5,331
Total	\$ 36,450	\$ 4	\$ 2,702	\$ 33,752

  

(dollars in thousands)	September 30, 2023				December 31, 2023			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
<i>Available for sale</i>								
	4,76			4,75				
Agencies	\$ 4	\$ 2	\$ 14	\$ 2	\$ 4,728	\$ —	\$ 5	\$ 4,723

Corporate securities	1,721	—	369	1,352	1,722	—	304	1,418
Mortgage-backed securities	32,612	7	3,107	29,512	31,032	5	2,397	28,640
Total	39,0			35,6				
	\$ 97	\$ 9	\$ 3,490	\$ 16	\$ 37,482	\$ 5	\$ 2,706	\$ 34,781

	December 31, 2022			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
(dollars in thousands)				
Available for sale				
Corporate securities	2,218	—	286	1,932
Mortgage-backed securities	34,045	—	2,943	31,102
Total	36,2			33,0
	\$ 63	\$ —	\$ 3,229	\$ 34

Securities held to maturity at March 31, 2024 and December 31, 2023 consisted of the following:

	March 31, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
(dollars in thousands)				
Held to maturity				
Agencies	\$ 4,002	\$ —	\$ 19	\$ 3,983
Corporate securities (1)	3,195	—	542	2,653
Mortgage-backed securities	2,956	2	440	2,518
Total	\$ 10,153	\$ 2	\$ 1,001	\$ 9,154

	December 31, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
(dollars in thousands)				

<i>Held to maturity</i>								
Agencies	\$	4,003	\$	—	\$	22	\$	3,981
Corporate securities <sup>(1)</sup>		3,194		—		570		2,624
Mortgage-backed securities		3,012		3		414		2,601
Total	\$	10,209	\$	3	\$	1,006	\$	9,206

(1) Amount is net of CECL credit reserve of \$5,000 at March 31, 2024 and \$6,000 at December 31, 2023.

The Company pledged securities with an amortized cost of \$40.7 35.4 million and a fair value of \$37.0 32.5 million at September 30, 2023 March 31, 2024 to secure deposits from municipalities. At December 31, 2022 December 31, 2023, the Company pledged securities with an amortized cost of \$40.2 41.4 million and a fair value of \$36.9 38.6 million to secure deposits from municipalities. The amortized cost and fair value of securities

Securities held to maturity at September 30, 2023 and December 31, 2022 consisted of the following:

	September 30, 2023			
	Amortized	Gross	Gross	Fair
		Unrealized	Unrealized	
(dollars in thousands)	Cost	Gains	Losses	Value
<i>Held to maturity</i>				
Corporate securities <sup>(1)</sup>	\$ 3,193	\$ —	\$ 660	\$ 2,533
Agencies	4,005	—	45	3,960
Mortgage-backed securities	3,065	1	546	2,520
Total	\$ 10,263	\$ 1	\$ 1,251	\$ 9,013
	December 31, 2022			
	Amortized	Gross	Gross	Fair
		Unrealized	Unrealized	
(dollars in thousands)	Cost	Gains	Losses	Value
<i>Held to maturity</i>				
Corporate securities	\$ 3,200	\$ —	\$ 408	\$ 2,792
Agencies	4,009	—	25	3,984
Mortgage-backed securities	3,252	3	371	2,884
Total	\$ 10,461	\$ 3	\$ 804	\$ 9,660

(1) Amount is net of CECL credit reserve of \$7,000 at September 30, 2023. 12



**BV FINANCIAL, INC. AND SUBSIDIARIES**

The amortized cost and fair value of securities as of September 30, 2023, March 31, 2024 and December 31, 2022, December 31, 2023, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because the securities may be called or prepaid with or without prepayment penalties.

	September 30, 2023				March 31, 2024			
	Available for sale		Held to maturity		Available for sale		Held to maturity	
	Amortiz	Fair	Amortiz	Fair	Amortized	Fair	Amortized	Fair
	ed	value	ed	value	cost	value	cost	value
(dollars in thousands)	cost	value	cost	value	cost	value	cost	value
Maturing								
Due under one year	\$ 6	\$ 0	\$ 5	\$ 60	\$ 18,792	\$ 18,634	\$ 4,190	\$ 4,169
Due after one year through five years	7,16	6,85	28	26	3,486	3,318	3,223	2,680
Due after five years through ten years	8,09	7,54	3,76	3,0	1,929	1,612	520	481
Due after ten years	17,3	14,8	2,46	1,9	12,243	10,188	2,220	1,824
Total	\$ 97	\$ 16	\$ 63	\$ 13	\$ 36,450	\$ 33,752	\$ 10,153	\$ 9,154
	December 31, 2022				December 31, 2023			
	Available for sale		Held to maturity		Available for sale		Held to maturity	
	Amortiz	Fair	Amortiz	Fair	Amortized	Fair	Amortized	Fair
	ed	value	ed	value	cost	value	cost	value
(dollars in thousands)	cost	value	cost	value	cost	value	cost	value
Maturing								
Due under one year	\$ 509	\$ 502	\$ —	\$ —	\$ 8,156	\$ 8,053	\$ 4,003	\$ 3,981

Due after one year through five years	9,986	9,477	4,042	4,015	4,605	4,478	25	24
Due after five years through ten years	9,160	8,631	3,840	3,383	7,788	7,350	3,745	3,138
Due after ten years	16,608	14,424	2,579	2,262	16,933	14,900	2,436	2,063
	36,2	33,0	10,4	9,6				
Total	\$ 63	\$ 34	\$ 61	\$ 60	\$ 37,482	\$ 34,781	\$ 10,209	\$ 9,206

All mortgage-backed securities are guaranteed by Freddie Mac, Fannie Mae or Ginnie Mae.

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### **BV FINANCIAL, INC. AND SUBSIDIARIES**

Investment securities with unrealized losses for continuous periods of less than 12 months and 12 months or longer are as follows:

	Less than 12 months		Over 12 months		Total		Less than 12 months		Over 12 months		Total	
	Unrealized	Fair value	Unrealized	Fair value	Unrealized	Fair value	Unrealized	Fair value	Unrealized	Fair value	Unrealized	Fair value
September 30, 2023	losses	value	losses	value	losses	value						
March 31, 2024							losses	value	losses	value	losses	value
(dollars in thousands)												
Available for sale												
Corporate securities							\$ 60	\$ 690	\$ 232	\$ 742	\$ 292	\$ 1,432
Agency securities							1	690	—	—	1	690

Mortgage-backed securities							1	78	2,404	24,319	2,405	24,397
Treasuries							4	5,331	—	—	4	5,331
Total							\$ 66	\$ 6,789	\$ 2,636	\$ 25,061	\$ 2,702	\$ 31,850
Held to maturity												
Corporate securities (1)							\$ —	\$ —	\$ 542	\$ 2,653	\$ 542	\$ 2,653
Agency securities							—	—	19	3,983	19	3,983
Mortgage-backed securities							—	22	440	2,396	440	2,418
Total							\$ —	\$ 22	\$ 1,001	\$ 9,032	\$ 1,001	\$ 9,054
							Less than 12 months		Over 12 months		Total	
							Unrealized	Fair	Unrealized	Fair	Unrealized	Fair
December 31, 2023							losses	value	losses	value	losses	value
(dollars in thousands)												
Available for sale												
Corporate securities						1,35	\$ 81	\$ 9	\$ 8	\$ 3	\$ 9	\$ 2
Agency securities						3,98	14	6	—	—	14	6
Mortgage-backed securities						27,5	4	9	03	5	7	14
Total						32,8	\$ 99	\$ 4	\$ 91	\$ 8	\$ 0	\$ 52
Held to maturity												



		1,		2,		
Corporate	24	70	16	1,0	40	79
securities	\$ 4	\$ 6	\$ 4	\$ 86	\$ 8	\$ 2
		3,				3,
Agency		98				98
securities	25	4	—	—	25	4
Mortgage-		2,				2,
backed	37	81			37	81
securities	1	1	—	—	1	1
		8,				9,
	64	50	16	1,0	80	58
Total	\$ 0	\$ 1	\$ 4	\$ 86	\$ 4	\$ 7

(1) Fair value amount is net of CECL credit reserve of \$5,000 at March 31, 2024 and \$6,000 at December 31, 2023.

Most As of March 31, 2024 and December 31, 2023, the securities with unrealized losses in the portfolio have modest duration risk, low credit risk, and minimal unrealized losses when compared to total amortized cost. The unrealized losses on Company determined that for its available-for-sale debt securities that exist are the result of market changes in interest rates since original purchase and are not related to credit concerns. Because the Company does an unrealized loss position, it did not intend to sell these securities and nor was it is not more likely than not that the Company will it would be required to sell these securities before recovery of their amortized cost bases, which may be the security and that the decline in fair value was not due to credit factors, put due to changes in interest rates and other factors. Accordingly, at maturity for debt securities, March 31, 2024 and December 31, 2023, the Company considers the unrealized did not record an allowance for credit losses to be temporary and therefore no impairment has been recorded during the respective periods of presentation. for its available-for-dale debt securities.

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### **BV FINANCIAL, INC. AND SUBSIDIARIES**

We monitor the credit quality of HTM debt securities through both internal analysis performed on a quarterly basis and credit ratings when available. The following table reflects the credit ratings for the HTM debt securities at September 30, 2023 March 31, 2024.

	AA		BBB		Not							
	A	A-	B+	B-	Rat	Tot						
(dollars in thousands)					ed	al	AAA	A-	BBB/BBB+	BBB-	Not	Total
											Rated	

						3,									
		4			6	1									
		9	1,2	9	74	9									
Corporate securities	\$ —	\$ 9	\$ 48	\$ 8	\$ 8	\$ 3	\$ —	\$ 499	\$ 1,248	\$ 698	\$ 750	\$ 3,195			
	4,					4,									
	0					0									
	0					0									
Agency securities	5	—	—	—	—	5	4,002	—	—	—	—	4,002			
Mortgage-backed securities issued by GSEs and Ginnie Mae	3,065					3,065									
	0					0									
	6					6									
	5	—	—	—	—	5									
Mortgage-backed securities							2,956	—	—	—	—	2,956			
						1									
	7,					0,									
	0	4		6		2									
	7	9	1,2	9	74	6									
	\$ 0	\$ 9	\$ 48	\$ 8	\$ 8	\$ 3	\$ 6,958	\$ 499	\$ 1,248	\$ 698	\$ 750	\$ 10,153			

The following table provides a breakdown of our HTM debt securities by year of origination at **September 30, 2023** **March 31, 2024**.

(dollars in thousands)	Tot al	202 3	20 22	202 1	202 0	201 9	Prio r	Total	2023	2022	2021	2020	2019	Prior
	3													
	,			2,										
	1		7	4										
Corporate securities	9		4	4				\$ 3,195	\$ —	\$ 750	\$ 2,445	\$ —	\$ —	\$ —
	4		4											
	,													
	0		0											
Agency securities	0		0											
	5	—	5	—	—	—	—	4,002	—	4,002	—	—	—	—



Portfolio loans, net of deferred costs and fees, are summarized by type as follows at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**:

	Period Ended				Period Ended			
	September 30,		December 31,					
	2023		2022		March 31, 2024		December 31, 2023	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
(dollars in thousands)	t	nt	t	nt				
Real estate								
One to four family - owner occupied	134,200	18.9 %	137,742	20.7 %	\$ 128,585	18.14 %	\$ 130,026	18.45 %
One to four family - non owner occupied	112,039	15.8 %	125,065	18.8 %	103,957	14.67 %	108,090	15.34 %
Commercial owner occupied	99,054	14.0 %	91,853	13.8 %	100,139	14.13 %	102,512	14.54 %
Commercial investor	279,779	39.5 %	226,854	34.1 %	292,109	41.20 %	287,194	40.76 %
Construction and land	20,250	2.86 %	17,937	2.70 %	22,575	3.19 %	21,865	3.10 %
Farm loans	14,918	2.11 %	13,823	2.08 %	14,567	2.06 %	14,877	2.11 %
Total real estate loans	660,240	93.3 %	613,274	92.2 %	661,932	93.39 %	664,564	94.30 %
Marine loans	16,533	2.34 %	15,791	2.38 %				
Other consumer	2,049	0.29 %	2,361	0.36 %				
Marine and other consumer loans					17,990	2.54 %	18,279	2.59 %
Guaranteed by U.S. Government	4,137	0.59 %	4,933	0.74 %	3,517	0.50 %	3,715	0.53 %
Commercial	24,078	3.41 %	28,052	4.23 %	25,297	3.57 %	18,244	2.58 %
Total consumer and commercial	46,797	6.63 %	51,137	7.71 %	46,804	6.61 %	40,238	5.70 %
Total loans	707,037	100.0 %	664,411	100.0 %	708,736	100.0 %	704,802	100.0 %
Less:								
Deferred origination fees, net	—		(1,467)					



Allowance for credit losses	(8,153)	(3,813)	(8,506)	(8,554)
Total loans, net of deferred costs and fees	698,884	659,131	700,230	696,248

Net deferred loan origination fees and costs at September 30, 2023, March 31, 2024 and December 31, 2023 totaled \$1.9 million and \$1.8 million, respectively.

In the normal course of banking business, risks related to specific loan categories are as follows:

**Real Estate Loans** – Real estate loans are typically made to consumers and businesses and are secured by real estate. Credit risk arises from the borrower's continuing financial stability, which can be adversely impacted by the economy as well as borrower-specific occurrences. Also impacting credit risk would be a shortfall in the value of the real estate in relation to the outstanding loan balance in the event of a default or subsequent liquidation of the collateral.

Residential lending repayment is generally dependent on economic and market conditions in the Company's lending area. Commercial real estate, commercial and construction loan repayments are generally dependent on the operations of the related properties or the financial condition of its borrower or guarantor. Accordingly, repayment of such loans can be more susceptible to adverse conditions in the real estate market and the regional economy.

**Marine Loans** – Marine loans are typically made to consumers and are secured by marine-based collateral. Credit risk is similar to real estate loans above as it is subject to the borrower's continuing financial stability and the value of the collateral securing the loan. Marine loans may entail greater risk than residential mortgage loans, as they are collateralized by assets that depreciate rapidly. Repossessed collateral for a defaulted loan may not provide an adequate source of repayment for the outstanding loan and a small remaining deficiency often does not warrant further substantial collection efforts against the borrower.

**Other Consumer** – Other consumer loans include installment loans and personal lines of credit which may be secured or unsecured. Credit risk is similar to real estate loans above as it is subject to the borrower's continuing financial stability and the value of the collateral securing the loan, if any. Consumer loans may entail greater risk than residential mortgage loans, particularly in the case of consumer loans that are unsecured or secured by assets that depreciate rapidly. Repossessed collateral for a defaulted consumer loan may not provide an adequate source of repayment for the outstanding loan and a small remaining deficiency often does not warrant further substantial collection efforts against the borrower.

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## **BV FINANCIAL, INC. AND SUBSIDIARIES**

Guaranteed by the U.S. Government – Loans guaranteed by the U.S. Government present similar risks as reflected in the other categories mentioned herein. However, the primary differentiating factor is that an explicit guarantee is provided by the government, therefore substantially mitigating any risk of loss in the event of credit deterioration. Guaranteed by the U.S. Government loans in the table above include \$27,000 and \$488,000 of Paycheck Protection Program ("PPP") loans at September 30, 2023 and December 31, 2022, respectively. The PPP loans are 100% guaranteed by the Small Business Administration ("SBA"). A substantial portion of these loans are expected to be forgiven by the SBA. Due to the guarantee from the federal government and nature of the PPP initiative, there is no allowance for credit losses recorded for PPP loans.

Commercial – Commercial loans are secured or unsecured loans for business purposes. Loans are typically secured by accounts receivable, inventory, equipment and/or other assets of the business. Credit risk arises from the successful operation of the business which may be affected by competition, rising interest rates, regulatory changes and adverse conditions in the local and regional economy.

Non-accrual loans as of September 30, 2023, March 31, 2024 and December 31, 2023 were as follows:

	September 30,											
	2023			December 31, 2022			March 31, 2024			December 31, 2023		
	With		Total	With		Total	With an		Total	With an		Total
	No	an		No	an		No	an		No	an	
	Allowance	Allowance		Allowance	Allowance		Allowance	Allowance		Allowance	Allowance	
(dollars in thousands)												
Real estate												
One to four family - owner occupied	1,331	—	1,331	1,337	—	1,337	1,303	—	1,303	1,160	—	1,160
One to four family - non owner occupied	345	—	345	585	—	585	190	—	190	273	—	273
Commercial owner occupied	752	—	752	2,167	—	2,167	704	—	704	739	—	739
Commercial investor	1,184	—	1,184	1,433	—	1,433	7,844	—	7,844	8,057	—	8,057
Construction and land	185	—	185	247	—	247	314	—	314	321	—	321
Commercial	388	—	388	—	—	—	388	—	388	—	—	—

Total real estate loans	3, 5, 3,7 79 5,8 80											
	97	—	7	03	—	3	10,743	—	10,743	10,550	—	10,550
Marine loans	—	—	—	59	—	59						
Other consumer	13	—	13	22	—	22						
Marine and other consumer loans							2	—	2	4	—	4
Total consumer and commercial loans	13	—	13	81	—	81	2	—	2	4	—	4
Total nonaccrual loans	3, 5, 3,8 81 5,8 88											
	\$ 10	\$ —	\$ 0	\$ 84	\$ —	\$ 4	\$ 10,745	\$ —	\$ 10,745	\$ 10,554	\$ —	\$ 10,554

Non-accrual loans decreased \$2.1 million from \$5.9 million, or 0.88% of total loans, at December 31, 2022 to \$3.8 million, or 0.54% of total loans, at September 30, 2023. Loans can be current but classified as non-accrual due to customer operating results or payment history. All interest accrued but not collected from loans that are placed on non-accrual or charged-off is reversed against interest income. In accordance with the Company's policy, such interest income is recognized on a cash basis or cost-recovery method, until qualifying for return to accrual status.

The Company considers a loan to be past due or delinquent when the terms of the contractual obligation are not met by the borrower. An analysis of days past due loans as of September 30, 2023 March 31, 2024 follows:

	September 30, 2023						March 31, 2024					
	30 - 59	60 - 89	90+	Tot	Curr	Total	30 - 59	60 - 89	90+	Total	Current	Total
	Days	Days	Days	al	ent	l	Days	Days	Days	Total	Current	Total
	Pas	Pas	Pas	Pas	Loa	Loa	Pas	Pas	Pas	Pas	Loans	Loans
	t	t	t	t	ns	ns	t	t	t	t	ns	ns
	Due	Due	Due	Due	ns	ns	Past Due	Past Due	Past Due	Past Due	Loans	Loans
(dollars in thousands)												
Real estate												
One to four family - owner occupied	1,06	24	66	97	2,2	4,2	\$ 2,604	\$ —	\$ 787	\$ 3,391	\$ 125,194	\$ 128,585

One to four family - non owner occupied				11	11							
			31	31	1,7	2,0						
	—	—	7	7	22	39	—	—	—	—	103,957	103,957
Commercial owner occupied					98,	99,						
			46	46	58	05						
	—	—	8	8	6	4	1,029	295	436	1,760	98,379	100,139
Commercial investor					27	27						
					9,7	9,7						
	—	—	—	—	79	79	329	—	6,808	7,137	284,972	292,109
Construction and land					20,	20,						
			18	18	06	25						
	—	—	5	5	5	0	550	—	256	806	21,769	22,575
Farm loans					14,	14,						
					91	91						
	—	—	—	—	8	8	—	—	—	—	14,567	14,567
Total real estate loans	1,06	24	1,63	2,94	65,7,2	66,0,2						
	1	9	9	9	91	40	4,512	295	8,287	13,094	648,838	661,932
Marine loans					16,	16,						
					53	53						
	—	—	—	—	3	3						
Other consumer					1,9	2,0						
	50	16	—	66	83	49						
Marine and other consumer loans							46	—	—	—	17,990	17,990
Guaranteed by U.S. Government	—	—	—	—	4,1	4,1						
	—	—	—	—	37	37	104	—	—	104	3,413	3,517
Commercial					24,	24,						
					07	07						
	—	—	—	—	8	8	—	—	388	388	24,909	25,297
Total consumer and commercial loans	50	16	0	66	46,73	46,79	150	—	388	492	46,312	46,804

Total loans	1,		1,	3,	70	70						
	11	26	63	01	4,0	7,0						
	\$ 1	\$ 5	\$ 9	\$ 5	\$ 22	\$ 37	\$ 4,662	\$ 295	\$ 8,675	\$ 13,586	\$ 695,150	\$ 708,736

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**BV FINANCIAL, INC. AND SUBSIDIARIES**

An analysis of days past due loans as of **December 31, 2022** **December 31, 2023** follows:

		December 31, 2022						December 31, 2023					
		30 - 59	60 - 89	90+	Total	Current	Total	30 - 59	60 - 89	90+	Total	Current	Total
		Days	Days	Days	Loans	Loans	Loans	Days	Days	Days	Loans	Loans	Loans
		Past Due	Past Due	Past Due	Past Due	Past Due	Past Due	Past Due	Past Due	Past Due	Past Due	Past Due	Past Due
(dollars in thousands)													
Real estate													
One to four family - owner occupied	One to four family - owner occupied	2,31			4,00	13,7	13,7						
		\$ 1	\$ 3	\$ 6	\$ 0	\$ 42	\$ 42	\$ 2,043	\$ 645	\$ 619	\$ 3,307	\$ 126,719	\$ 130,026
One to four family - non owner occupied	One to four family - non owner occupied	77	17	37	32	3,7	5,0						
		7	0	9	6	39	65	322	—	219	541	107,549	108,090
Commercial owner occupied	Commercial owner occupied	1,04	10	05	3,20	88,64	91,85						
		8	3	6	7	6	3	901	—	468	1,369	101,143	102,512
Commercial investor	Commercial investor	31			1,74	22,5,1	22,6,8						
		0	—	3	3	11	54	371	—	6,907	7,278	279,916	287,194

Construction and land				17,	17,							
			16	20	73	93						
	—	43	0	3	4	7	826	—	258	1,084	20,781	21,865
Farm loans					13,	13,						
					82	82						
	—	—	—	—	3	3	—	—	—	—	14,877	14,877
Total real estate loans	4,	1,	4,	10	60	61						
	44	10	92	,4	2,7	3,2						
	6	9	4	79	95	74	4,463	645	8,471	13,579	650,985	664,564
Marine loans					15,	15,						
					73	79						
	—	—	59	59	2	1						
Other consumer					2,2	2,3						
	65	—	—	65	96	61						
Marine and other consumer loans							39	—	—	39	18,240	18,279
Guaranteed by U.S. Government	—	—	—	—	33	33	—	—	—	—	3,715	3,715
Commercial					28,	28,						
					05	05						
	—	—	—	—	2	2	—	401	—	401	17,843	18,244
Total consumer and commercial loans	65	—	59	4	3	7	39	401	—	440	39,798	40,238
Total loans	4,	1,	4,	10	65	66						
	51	10	98	,6	3,8	4,4						
	\$ 1	\$ 9	\$ 3	\$ 03	\$ 08	\$ 11	\$ 4,502	\$ 1,046	\$ 8,471	\$ 14,019	\$ 690,783	\$ 704,802

### Allowance for Credit Losses ("ACL")

The following tables detail activity in the ACL at and for the three and nine months ended September 30, 2023 March 31, 2024 and the allowance for loan losses at and for the three and nine months ended September 30, 2022, 2023. An allocation of the allowance to one category of loans does not prevent the Company from using that allowance to absorb losses in a different category.

Three Months Ended	September 30, 2023					March 31, 2024				
	Provision									
	Beginni ng Balance	Char ge- offs	Rec overi es	s (recovery )	Ending Balanc e	Beginning Balance	Charge- offs	Recoveries	Provisions (recovery)	Ending Balance
(dollars in thousands)										
Real estate										
One to four family - owner occupied	\$ 1,342	\$ (2)	\$ 34	\$ 147	\$ 1,521	\$ 1,728	\$ —	\$ 52	\$ (83)	\$ 1,697
One to four family - non owner occupied	1,212	—	214	(292)	1,134	1,030	(1)	29	(43)	1,015
Commercial owner occupied	459	—	—	(26)	433	563	—	3	12	578
Commercial investor	3,784	—	—	41	3,825	3,725	—	—	(155)	3,570
Construction and land	480	—	1	(105)	376	772	—	1	(10)	763
Farm loans	145	—	—	11	156	179	—	—	(5)	174
Total real estate loans	7,422	(2)	249	(224)	7,445	7,997	(1)	85	(284)	7,797
Marine loans	451	—	—	3	454					
Marine and other consumer loans						403	—	1	24	428
Other consumer	—	(4)	12	(8)	0	—	—	—	—	—
Guaranteed by U.S. Government						—	—	—	—	—
Commercial	290	—	—	(36)	254	154	—	—	127	281
Total consumer and commercial	741	(4)	12	(41)	708	557	—	1	151	709
Total loans	\$ 8,163	\$ (6)	\$ 261	\$ (265)	\$ 8,153	\$ 8,554	\$ (1)	\$ 86	\$ (133)	\$ 8,506

The following table summarized the ACL activity for the three months ended **September 30, 2023** **March 31, 2024**.

(dollars in thousands)

Provision for Credit Losses - loans	\$	(265)
Reduction in allowance for securities - HTM		(1)
Reduction in allowance for credit losses - unfunded commitments		(67)
Provision for credit losses per the consolidated statement of income	\$	(333)
(dollars in thousands)		
Reduction in credit losses - loans	\$	(133)
Reduction in allowance for securities - HTM		(1)
Provision for allowance for credit losses - unfunded commitments		152
Provision for credit losses per the consolidated statements of income	\$	18

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### **BV FINANCIAL, INC. AND SUBSIDIARIES**

Three Months Ended	September 30, 2022				
	Beginning			Provisions	Ending
(dollars in thousands)	Balance	Charge-offs	Recoveries	(recovery)	Balance
Real estate					
One to four family - owner occupied	\$ 275	\$ —	\$ 4	\$ (27)	\$ 252
One to four family - non owner occupied	594	—	46	(53)	587
Commercial owner occupied	208	—	—	119	327
Commercial investor	1,819	—	—	128	1,947
Construction and land	76	—	5	3	84
Farm loans	2	—	—	21	23
Total real estate loans	2,974	—	55	191	3,220
Marine loans	57	—	—	1	58
Other consumer	15	(10)	4	(3)	6
Commercial	58	—	—	(3)	55
Total consumer and commercial	130	(10)	4	(5)	119
Total loans	\$ 3,104	\$ (10)	\$ 59	\$ 186	\$ 3,339
Nine Months Ended	September 30, 2023				



(dollars in thousands)	Impact of					Ending
	Beginning	ASC 326			Provisions	
	Balance	Adoption	Charge-offs	Recoveries	(recovery)	Balance
Real estate						
One to four family - owner occupied	\$ 344	\$ 1,117	\$ (2)	\$ 60	\$ 2	\$ 1,521
One to four family - non owner occupied	562	356	—	247	(31)	1,134
Commercial owner occupied	366	78	—	—	(11)	433
Commercial investor	2,272	1,506	—	—	47	3,825
Construction and land	93	496	—	153	(366)	376
Farm loans	17	135	—	—	4	156
Total real estate loans	3,654	3,688	(2)	460	(355)	7,445
Marine and other consumer loans	68	336	(64)	25	89	454
Commercial	91	208	—	2	(47)	254
Total consumer and commercial	159	544	(64)	27	42	708
Total loans	\$ 3,813	\$ 4,232	\$ (66)	\$ 487	\$ (313)	\$ 8,153

### Three Months Ended

March 31, 2023

(dollars in thousands)	Impact of					Ending
	Beginning	ASC 326	Charge-	Recoverie	Provisions	
	Balance	Adoption	offs	s	(recovery)	Balance
Real estate						
One to four family - owner occupied	\$ 344	\$ 1,117	\$ —	\$ 9	\$ —	\$ 1,470
One to four family - non owner occupied	562	356	—	21	—	939
Commercial owner occupied	366	78	—	—	—	444
Commercial investor	2,272	1,506	—	—	13	3,791
Construction and land	93	496	—	5	—	594
Farm loans	17	135	—	—	—	152
Total real estate loans	3,654	3,688	—	35	13	7,390
Marine and other consumer loans	68	336	(1)	3	—	406
Commercial	91	208	—	—	—	299
Total consumer and commercial	159	544	(1)	3	—	705
Total loans	\$ 3,813	\$ 4,232	\$ (1)	\$ 38	\$ 13	\$ 8,095

The following table summarized the ACL activity for the **nine** three months ended **September 30, 2023** **March 31, 2023**.

(dollars in thousands)

(dollars in thousands)

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Provision for credit losses - loans	\$	(313)
Reduction in allowance for securities - HTM		(3)
Reduction in allowance for credit losses - unfunded commitments		(164)
Provision for credit losses per the consolidated statement of income	\$	(480)

Nine Months Ended	September 30, 2022				
	Beginning			Provisions	Ending
(dollars in thousands)	Balance	Charge-offs	Recoveries	(recovery)	Balance
Real estate					
One to four family - owner occupied	\$ 259	\$ (7)	\$ 36	\$ (36)	\$ 252
One to four family - non owner occupied	695	—	77	(185)	587
Commercial owner occupied	280	—	—	47	327
Commercial investor	1,225	(9)	—	731	1,947
Construction and land	93	—	15	(24)	84
Farm loans	2	—	—	21	23
Total real estate loans	2,554	(16)	128	554	3,220
Marine loans	47	—	—	11	58
Other consumer	20	(38)	11	13	6
Commercial	45	—	1	9	55
Total consumer and commercial	112	(38)	12	33	119
Total loans	\$ 2,666	\$ (54)	\$ 140	\$ 587	\$ 3,339

**BV FINANCIAL, INC. AND SUBSIDIARIES****Term Loans by Origination Year**

(dollars in thousands)

Term Loans Amortized Cost Basis by Origination Year

Balance at September 30, 2023 March 31,

2024

	2024	2023	2022	2021	2020	2019	Prior	Revolving
One to four family - owner occupied								
Pass	\$ 5,963 246	\$ 7,950 6,364	\$ 13,808 7,859	\$ 10,153 13,142	\$ 10,201 9,865	\$ 74,741 79,621	\$ 10,893 10,610	\$ 133,709 127,707
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	167 —	343	—	20 499	263 36	41 4
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total One to four family - owner occupied	\$ 5,963 246	\$ 7,950 6,364	\$ 13,975 7,859	\$ 10,153 13,485	\$ 10,221 9,865	\$ 75,004 80,120	\$ 10,934 10,646	\$ 134,200 128,588
Current Period Gross Write-off	\$ —	\$ —	\$ —	\$ —	\$ —	\$ ( 2 )	\$ —	\$ ( )
One to four family - non owner occupied								
Pass	\$ 13,320 564	\$ 30,462 13,201	\$ 22,856 30,583	\$ 11,169 18,812	\$ 7,886 10,292	\$ 24,302 28,656	\$ —	\$ 109,995 102,108
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	2,044 1,849	—	2,044 1,849
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—



Total One to four family - non owner occupied	\$	13,320	564	\$	30,462	13,201	\$	22,856	30,583	\$	11,169	18,812	\$	7,886	10,292	\$	26,346	30,505	\$	—	\$	112,039	103,957
Current Period Gross Write-off	\$	—		\$	—		\$	—		\$	—		\$	—		\$	(1)		\$	—	\$	(1)	
Commercial owner occupied																							
Pass	\$	15,698	1,496	\$	16,529	20,582	\$	16,917	15,984	\$	6,018	16,526	\$	5,155	5,896	\$	32,456	33,503	\$	—	\$	92,773	93,987
Special Mention		—			—			—			—			—			—			—		—	
Substandard		—			—			—			9			935			1,510					—	
											5												
											2												
																							</

Loss		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Total Commercial investor	\$	55,059	3,101	\$	90,444	68,455	\$	68,602	96,594	\$	24,345	65,434	\$	10,294	22,277	\$	31,035	36,248	\$	—	\$	279,779	292,109
																						9	
Current Period Gross Write-off	\$	—	—	\$	—	—	\$	—	—	\$	—	—	\$	—	—	\$	—	—	\$	—	\$	—	—
Construction and land																							
Pass	\$	4,033	8,167	\$	10,881	7,842	\$	2,195	1,527	\$	571	2,037	\$	487	—	\$	688	—	\$	—	\$	741	—

Total Construction and land	\$	4,033	8,167	\$	10,881	7,842	\$	2,195	1,527	\$	2,085	2,037	\$	2,033	\$	969	\$	—	\$	1,056
																				2
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Current Period Gross Write-off	\$	—		\$	—		\$	—		\$	—		\$	—		\$	—	\$	—	
Farm loans																				
Pass	\$															\$	—	\$	14,918	4,137
																				51
																				34
																				0
																				25
																				86
																				7
Special Mention		—			—			—			—			—			—			—
Substandard		—			—			—			—			—			—			—
Doubtful		—			—			—			—			—			—			—
Loss		—			—			—			—			—			—			—
Total Farm loans	\$															\$	—	\$	14,918	4,137
																				51
																				34
																				0
																				25
																				86
																				7
Current Period Gross Write-off	\$	—		\$	—		\$	—		\$	—		\$	—		\$	—	\$	—	
Marine and other consumer loans																				
Pass	\$	2,901	309	\$	2,207	3,387	\$	6,363	2,151	\$	1,773	6,335	\$	211	1,751	\$	3,078	4,055	\$	16,533
																				17,988
Special Mention		—			—			—			—			—			—			—
Substandard		—			—			—			—			—			2			2
Doubtful		—			—			—			—			—			—			—
Loss		—			—			—			—			—			—			—

(dollars in thousands)	Term Loans Amortized Cost Basis by Origination Year							
Balance at March 31, 2024	2024	2023	2022	2021	2020	Prior	Revolving	Total
Total Loans								
Pass	\$ 18,890	\$ 120,298	\$ 162,904	\$ 132,049	\$ 47,499	\$ 196,856	\$ 10,610	\$ 689,106
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	388	343	9,289	9,574	36	19,630
Doubtful	—	—	—	—	—	—	—	—

Loss	—	—	—	—	—	—	—	—
Total loans	\$ 18,890	\$ 120,298	\$ 163,292	\$ 132,392	\$ 56,788	\$ 206,430	\$ 10,646	\$ 708,736

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## **BV FINANCIAL, INC. AND SUBSIDIARIES**

(dollars in thousands)								
Balance at September 30, 2023	Term Loans Amortized Cost Basis by Origination Year						Revolving	Total
	2023	2022	2021	2020	2019	Prior		
Total Loans								
Pass	\$ 97,880	\$ 172,882	\$ 139,459	\$ 48,921	\$ 38,036	\$ 174,822	\$ 10,893	\$ 682,893
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	167	9,296	1,530	13,110	41	24,144
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total loans	\$ 97,880	\$ 172,882	\$ 139,626	\$ 58,217	\$ 39,566	\$ 187,932	\$ 10,934	\$ 707,037

### **Term Loans by Origination Year**

(dollars in thousands)

Term Loans Amortized Cost Basis by Origination Year

(dollars in thousands)								
Balance at December 31, 2022	Term Loans Amortized Cost Basis by Origination Year						Revolving	Total
	2023	2022	2021	2020	2019	2018		
One to four family - owner occupied								
Pass							136,910	129,656
	\$ 7,009 6,387	\$ 14,907 7,906	\$ 10,742 13,727	\$ 10,708 9,974	\$ 8,285 9,707	\$ 73,585 71,463	\$ 11,674 10,492	\$ 6
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	783 331	48 39	832 370
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total One to four family - owner occupied							137,742	130,026
	\$ 7,009 6,387	\$ 14,907 7,906	\$ 10,742 13,727	\$ 10,708 9,974	\$ 8,285 9,707	\$ 74,368 71,794	\$ 11,723 10,531	\$ 6
Current Period Gross Write-off	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (2 )	\$ —	\$ (2 )
One to four family - non owner occupied								

Pass	\$ 45,369	13,810	\$ 27,088	30,603	\$ 12,325	20,582	\$ 7,337	10,742	\$ 5,224	7,611	\$ 23,369	22,795	\$ —	\$ 120,712	106,14	8
Special Mention	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1
Substandard																9
																4
	—	—	—	—	1,598	853	1,902	—	—	—	—	—	—	4,353	1,947	7-
Doubtful	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Total One to four family - non owner occupied														125,065	108,09	
	\$ 45,369	13,810	\$ 27,088	30,603	\$ 12,325	20,582	\$ 8,935	10,742	\$ 6,077	7,611	\$ 25,271	24,742	\$ —	\$ —	0	
Current Period Gross Write-off	\$ —	—	\$ —	—	\$ —	—	\$ —	—	\$ —	—	\$ —	—	\$ —	—	—	
Commercial owner occupied																
Pass	\$ 17,678	20,967	\$ 17,244	16,071	\$ 6,299	16,642	\$ 5,590	5,998	\$ 11,502	5,071	\$ 25,610	31,536	\$ —	\$ 83,923	96,285	
Special Mention	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Substandard	—	—	—	979	—	1,534	943	936	1,502	4,481	3,782	—	—	7,930	6,227	
Doubtful	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Total Commercial owner occupied	\$ 17,678	20,967	\$ 17,244	16,071	\$ 7,278	16,642	\$ 7,124	6,941	\$ 12,438	6,573	\$ 30,091	35,318	\$ —	\$ 91,853	102,512	
Current Period Gross Write-off	\$ —	—	\$ —	—	\$ —	—	\$ —	—	\$ —	—	\$ (3)	—	\$ —	—	(3)	
Commercial investor																
Pass														220,096	279,13	
	\$ 83,975	68,682	\$ 74,933	89,812	\$ 24,133	65,624	\$ 11,369	16,205	\$ 3,500	9,991	\$ 22,186	28,823	\$ —	\$ —	7	
Special Mention	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Substandard																8
																0
	—	—	—	—	—	—	4,836	1,922	6,907	—	—	—	—	6,758	1,150	7-
Doubtful	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Total Commercial investor	\$ 83,975	68,682	\$ 74,933	89,812	\$ 24,133	65,624	\$ 11,369	23,112	\$ 8,336	9,991	\$ 24,108	29,973	\$ —	\$ —	4	
Current Period Gross Write-off	\$ —	—	\$ —	—	\$ —	—	\$ —	—	\$ —	—	\$ —	—	\$ —	—	—	

Construction and land																						
Pass	\$	10,135	6,901	\$	3,338	9,650	\$	1,376	2,271	\$	77	650	\$	—	\$	986	704	\$	—	\$	15,912	20,176
Special Mention		—			—			—		—		—		—		—		—		—		—
Substandard		—			—			1,598	—		160	1,400		—		267	289		—		2,025	1,689
Doubtful		—			—			—		—		—		—		—		—		—		—
Loss		—			—			—		—		—		—		—		—		—		—
Total Construction and land	\$	10,135	6,901	\$	3,338	9,650	\$	2,974	2,271	\$	237	2,050	\$	—	\$	1,253	993	\$	—	\$	17,937	21,865
Current Period Gross Write-off	\$	—		\$	—		\$	—		\$	—		\$	—	\$	—		\$	—	\$	—	

Farm loans																							
Pass	\$	4,165	—	\$	657	4,141	\$	266	2,281	\$	2,752	261	\$	455	2,641	\$	5,528	5,553	\$	—	\$	13,823	14,877
Special Mention		—			—			—		—		—		—		—		—		—		—	
Substandard		—			—			—		—		—		—		—		—		—		—	
Doubtful		—			—			—		—		—		—		—		—		—		—	
Loss		—			—			—		—		—		—		—		—		—		—	
Total Farm loans	\$	4,165	—	\$	657	4,141	\$	266	2,281	\$	2,752	261	\$	455	2,641	\$	5,528	5,553	\$	—	\$	13,823	14,877
Current Period Gross Write-off	\$	—		\$	—		\$	—		\$	—		\$	—		\$	—		\$	—	\$	—	

Marine and other consumer loans																							
Pass	\$	2,486	3,542	\$	7,413	2,187	\$	2,028	6,417	\$	223	1,788	\$	1,145	396	\$	2,437	3,945	\$	—	\$	15,732	18,275
Special Mention		—			—			—		—		—		—		—		—		—		—	
Substandard		—			—			—		—		—		—		59	4		—		59	4	
Doubtful		—			—			—		—		—		—		—		—		—		—	
Loss		—			—			—		—		—		—		—		—		—		—	
Total Marine and other consumer loans	\$	2,486	3,542	\$	7,413	2,187	\$	2,028	6,417	\$	223	1,788	\$	1,145	396	\$	2,496	3,949	\$	—	\$	15,791	18,279

#### Other consumer

Pass Current Period Gross Write-off	\$	495	\$	212	\$	78	\$	216	\$	9	\$	1,329	—	\$	—	\$	2,339
Special Mention		—		—		—		—		—		—		—		—	—
Substandard		—		—		—		—		—		22		—		22	—
Doubtful		—		—		—		—		—		—		—		—	—
Loss		—		—		—		—		—		—		—		—	—
Total Other consumer	\$	495	\$	212	\$	78	\$	216	\$	9	\$	1,351	\$	—	\$	2,361	—

Guaranteed by U.S. Government											
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Pass	\$	—	\$	304	\$	175	\$	525	\$	840	\$	3,089	\$	—	\$	4,933	26	33
																		27
																		71
																		25
Special Mention	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Substandard	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Doubtful	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Total Guaranteed by U.S. Government																		33
																		27
																		71
																		25
	\$	—	\$	304	\$	175	\$	525	\$	840	\$	3,089	\$	—	\$	4,933	26	33
Current Period Gross Write-off	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	—	

Commercial																
Pass	\$	10,301,501	\$	6,885,429	\$	5,116,623	\$	1,225,200	\$	1,798,628	\$	2,282,348	\$	—	\$	27,607,17,147
Special Mention																

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## BV FINANCIAL, INC. AND SUBSIDIARIES

(dollars in thousands)	Term Loans Amortized Cost Basis by Origination Year							
Balance at December 31, 2023	2023	2022	2021	2020	2019	Prior	Revolving	Total
Total Loans								
Pass	\$ 120,790	\$ 164,669	\$ 133,780	\$ 47,644	\$ 36,462	\$ 171,574	\$ 10,492	\$ 685,411
Special Mention	—	400	—	—	—	—	—	400
Substandard	—	—	—	9,250	1,502	8,200	39	18,991
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—



Total loans	\$ 120,790	\$ 165,069	\$ 133,780	\$ 56,894	\$ 37,964	\$ 179,774	\$ 10,531	\$ 704,802
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(dollars in thousands)								
Term Loans Amortized Cost Basis by Origination Year								
Balance at December 31, 2022	2022	2021	2020	2019	2018	Prior	Revolving	Total
Total Loans								
Pass	\$ 181,613	\$ 152,981	\$ 62,538	\$ 40,022	\$ 32,758	\$ 160,401	\$ 11,674	\$ 641,987
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	2,577	3,292	6,625	9,881	49	22,424
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total loans	\$ 181,613	\$ 152,981	\$ 65,115	\$ 43,314	\$ 39,383	\$ 170,282	\$ 11,723	\$ 664,411

**Classified Assets.** Federal regulations provide for the classification of loans and other assets, such as debt and equity securities considered to be of lesser quality, as “substandard,” “doubtful” or “loss.” An asset is considered “substandard” if it is inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. “Substandard” assets include those characterized by the “distinct possibility” that the insured institution will sustain “some loss” if the deficiencies are not corrected. Assets classified as “doubtful” have all of the weaknesses inherent in those

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classified “substandard,” with the added characteristic that the weaknesses present make “collection or liquidation in full,” on the basis of currently existing facts, conditions, and values, “highly questionable and improbable.” Assets classified as “loss” are those considered “uncollectible” and of such little value that their continuance as assets without the establishment of a specific loss allowance is not warranted. Assets which do not currently expose the insured institution to sufficient risk to warrant classification in one of the aforementioned categories but possess weaknesses are designated as “special mention” by our management.

When an insured institution classifies problem assets as either substandard or doubtful, it may establish general allowances in an amount deemed prudent by management to cover probable accrued losses. General allowances represent loss allowances which have been established to cover probable accrued losses associated with lending activities, but which, unlike specific allowances, have not been allocated to particular problem assets. When an insured institution classifies problem assets as “loss,” it is required either to establish a specific allowance for losses equal to 100% of that portion of the asset so classified or to charge-off such amount. An institution’s determination as to the classification of its assets and the amount of its valuation allowances is subject to review by the regulatory authorities, such that additional general or specific loss allowances may be required.

In connection with the filing of our periodic reports with the FDIC and in accordance with our classification of assets policy, we regularly review the problem loans in our portfolio to determine whether any loans require classification in accordance with applicable regulations.

Through our loan evaluation process, we have identified certain loans for which the primary source of loan repayment may no longer be a viable option. The Company is dependent on the liquidation of the collateral to provide funds for repayment of the loan. The following table shows the loans determined by management to be collateral dependent at **September 30, 2023** **March 31, 2024**.

	Estimated Collateral Values				Estimated Collateral Values			
	Real Estate		Business/Other Assets		Real Estate		Business/Other Assets	
(dollars in thousands)	Real Estate	Real Estate	Business/Other Assets	Business/Other Assets	Real Estate	Real Estate	Business/Other Assets	Business/Other Assets
One to four family - owner occupied	1,33	\$ 1 \$ 5,894	\$ —	\$ —	\$ 1,303	\$ 4,559	\$ —	\$ —
One to four family - non-owner occupied	345	778	—	—	190	451	—	—
Commercial owner occupied real estate	752	1,825	—	—	704	1,820	—	—
Commercial investor real estate	1,18	5 1,470	—	—	7,844	10,070	—	—
Construction and land	184	378	—	—	314	822	—	—
Commercial					97	210	—	124
Marine and other consumer	—	—	13	44	—	—	2	27
Total	3,79							
	\$ 7	\$ 10,345	\$ 13	\$ 44	\$ 10,452	\$ 17,932	\$ 2	\$ 151

Prior to the adoption of ASC 326, an impaired loan generally was one for which it was probable, based on current information, that the lender will not collect all the amounts due under the contractual terms of the loan. Loans were individually evaluated for impairment. When the Company classified a problem loan as impaired, it recorded an impairment for that portion of the asset that was deemed uncollectible, based on the present value of the expected future cash flows

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discounted at the loan's original effective interest rate or based on the fair value of the collateral if the loan was collateral dependent.

The following is a summary of impaired loans by class of loans as of December 31, 2022:

(dollars in thousands)	Recorded Investment	Unpaid Principal	Related Allowance	Average Recorded Investment	Interest Income Recognized
With an allowance recorded					
Real estate loans					
One to four family - owner occupied	\$ 100	\$ 100	\$ 28	\$ 103	\$ 4
One to four family - non-owner occupied	70	70	2	71	4
Total	170	170	30	174	8
With no allowance recorded					
Real estate loans					
One to four family - owner occupied	1,956	1,956	—	2,789	93
One to four family - non-owner occupied	585	585	—	632	39
Commercial owner occupied	1,854	1,854	—	1,406	77
Commercial investor	1,432	1,432	—	1,889	99
Construction and land	248	248	—	203	26
Marine Loans	59	59	—	15	3
Other consumer	45	49	—	56	7
Guaranteed by the U.S. Government	—	—	—	15	—
Commercial	—	—	—	2	—
Total	6,179	6,183	—	7,007	344
Combined					
Real estate loans					
One to four family - owner occupied	2,056	2,056	28	2,892	97
One to four family - non-owner occupied	655	655	2	703	43
Commercial owner occupied	1,854	1,854	—	1,406	77
Commercial investor	1,432	1,432	—	1,889	99
Construction and land	248	248	—	203	26
Marine Loans	59	59	—	15	3
Other consumer	45	49	—	56	7

Guaranteed by the U.S. Government	—	—	—	15	—
Commercial	—	—	—	2	—
Total	\$ 6,349	\$ 6,353	\$ 30	\$ 7,181	\$ 352

Prior to the adoption of ASC 326, loans that are modified to make concessions to help a borrower remain current and/or to avoid foreclosure were classified as TDRs. Generally, we did not forgive principal or interest on a loan or modify the interest rate on loans to below market rates. When we modified loans as a TDR, we evaluated any possible impairment similar to other impaired loans. If we determined that the value of the modified loan was less than the recorded investment in the loan, impairment is recognized. The Company has no commitments to lend additional funds to borrowers whose loans have been modified.

The status of TDRs as of December 31, 2022 follows:

(dollars in thousands)	Number of Contracts	December 31, 2022		
		Recorded Investment		
		Performing	Non-Performing	Total
Real estate loans				
One to four family - owner occupied	8	\$ 559	\$ 256	\$ 815
One to four family - non-owner occupied	1	70	—	70
Commercial owner occupied real estate	2	320	—	320
Commercial investor real estate	1	205	—	205
Other Consumer	1	23	—	23
Total	13	\$ 1,177	\$ 256	\$ 1,433

The following TDRs were modified during the year ended December 31, 2022:

(dollars in thousands)	Number of Contracts	December 31, 2022		
		Recorded Investment		
		Performing	Non-Performing	Total
Real estate loans				
One to four family - owner occupied	1	\$ 29	\$ -	\$ 29
Total	1	\$ 29	\$ -	\$ 29

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Borrowers experiencing financial difficulty ("BEFD") modifications included in the individually assessed loan schedules above, as of September 30, 2023 are March 31, 2024 were as follows:

(dollars in thousands)	Number of Loans	Amortized Cost	Number of Loans	Amortized Cost
One to four family - owner occupied	3	\$ 254	3	\$ 249

One to four family - non owner occupied	1	131	1	130
Commercial investor real estate	1	1,184	1	1,036
Farm loans			1	785
Total accrual BEFD modification loans	5	\$ 1,569	6	\$ 2,200
Modifications on non-accrual	1	\$ 1,185	1	\$ 1,036

All BEFD modifications were loan term extensions. There were no BEFD modifications past due as of **September 30, 2023** **March 31, 2024**. There was one loan, on non-accrual, that had payment defaults in the past 12 months.

The following tables detail the amortized cost basis at the end of the reporting period for loans made to borrowers experiencing financial difficulty during the three **and nine** months ended **September 30, 2023** **March 31, 2024**.

Three Months Ended September 30, 2023				
(dollars in thousands)	Payment Deferral and			
	Term	Term	Total	Percentage of Total Loans
	Extensions	Extensions		
One to four family - owner occupied	\$ —	\$ —	\$ —	0.00 %
One to four family - non-owner occupied	131	—	131	0.02 %
Commercial owner occupied real estate	—	—	—	0.00 %
Commercial investor real estate	—	—	—	0.00 %
Construction and land	—	—	—	0.00 %
Marine and other consumer	—	—	—	0.00 %
Total	\$ 131	\$ —	\$ 131	0.02 %

(dollars in thousands)	Nine Months Ended September 30, 2023				Three Months Ended March 31, 2024			
	Term	Payment Deferral	Total	Percentage of Total Loans	Term	Payment Deferral and	Total	Percentage of Total Loans
	Extensions	and Term Extensions			Extensions	Term Extensions		
One to four family - owner occupied	\$ 254	\$ —	\$ 4	0.04 %	\$ 249	\$ —	\$ 249	0.04 %
One to four family - non-owner occupied	131	—	1	0.02 %	130	—	130	0.02 %

Commercial owner occupied real estate	—	—	—	0.00 %				
Commercial investor real estate			1,184					
	1,184	—	4	0.17 %	1,036	—	1,036	0.14 %
Construction and land	—	—	—	0.00 %				
Marine and other consumer	—	—	—	0.00 %				
Farmland loans					785	—	785	0.11 %
Total			1,569					
			56					
	\$ 1,569	\$ —	\$ 9	0.23 %	\$ 2,200	\$ —	\$ 2,200	0.31 %

#### NOTE 54 - GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill and other intangible assets are presented in the tables below.

(dollars in thousands)	As of September 30, 2023	As of December 31, 2022	As of March 31, 2024	As of December 31, 2023
Goodwill	\$ 14,420	\$ 14,420	\$ 14,420	\$ 14,420

	September 30, 2023			December 31, 2022		
	Carrying Amount	Accumulated Amortization	Net	Carrying Amount	Accumulated Amortization	Net
Core deposit intangible	\$ 1,868	\$ 811	\$ 1,057	\$ 1,868	\$ 673	\$ 1,195

	March 31, 2024			December 31, 2023		
	Carrying Amount	Accumulated Amortization	Net	Carrying Amount	Accumulated Amortization	Net
Core deposit intangible	\$ 1,868	\$ 901	\$ 967	\$ 1,868	\$ 856	\$ 1,012

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As of September 30, 2023 March 31, 2024 future estimated annual amortization expense is as follows:

Year ending		
(dollars in thousands)		
2023	\$ 46	
2024	180	\$ 135
2025	180	180
2026	180	180
2027	180	180
2028		180
Thereafter	291	112
Total Estimated Amortization Expense	\$ 1,057	\$ 967

Management performed its annual analysis of goodwill and core deposit intangibles ("CDI") during the fourth quarter of 2022 2023 and concluded that there was no impairment at December 31, 2022 December 31, 2023. At September 30, 2023 March 31, 2024, management's analysis concluded that there were no changes in the Company's financial statements or operations subsequent to the fourth quarter 2022 2023 annual analysis that would indicate that it was more likely than not that goodwill or CDI was impaired.

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### **NOTE 65 – FORECLOSED REAL ESTATE (OTHER REAL ESTATE OWNED ("OREO"))**

OREO Foreclosed real estate assets are presented net of the valuation allowance. The Company considers OREO foreclosed real estate as classified assets for regulatory and financial reporting. OREO Foreclosed real estate carrying amounts reflect management's estimate of the realizable value of these properties incorporating current appraised values, local real estate market conditions and related selling costs. The Company had OREO foreclosed real estate of \$555,000 170,000 and \$2.0 170,000 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

During the nine three months ended September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023, the Company incurred OREO foreclosed real estate expenses of \$173,000 5,000 and \$396,000 96,000, respectively.

The Company had \$302,000 220,000 and \$114,000 174,000 in loans secured by residential real estate for which formal foreclosure proceedings were in process as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

The table below shows the OREO foreclosed real estate roll forward balance as of September 30, 2023 March 31, 2024.

(dollars in thousands)	December 31,		December 31,	
	September 30, 2023	2022	March 31, 2024	2023
Beginning of period balance	\$ 1,987	\$ 1,987	\$ 170	\$ 1,987
Improvements and additions	57	—	—	57
Proceeds from sale	(2,167)	—	—	(2,583)
Gain on sale	678	—	—	709
End of period balance	\$ 555	\$ 1,987	\$ 170	\$ 170

## NOTE 76 - DEPOSITS

Deposits consisted of the following:

(dollars in thousands)	September 30, 2023		December 31, 2022		March 31, 2024		December 31, 2023	
	Balance	Percentage	Balance	Percentage	Balance	Percentage	Balance	Percentage
Noninterest-bearing checking accounts	143,203	22.16%	167,202	24.43%	\$ 139,107	21.75%	\$ 142,030	22.40%
Interest-bearing checking accounts	79,512	12.30%	96,829	14.14%	90,146	14.10%	83,656	13.19%
Money market accounts	87,277	13.50%	102,301	14.94%	86,728	13.56%	87,310	13.77%
Savings accounts	151,407	23.42%	171,772	25.09%	149,655	23.40%	147,608	23.28%
Certificates of deposit	185,077	28.63%	146,514	21.40%	173,852	27.19%	173,516	27.36%
Total deposits	646,476	100.00%	684,611	100.00%	\$ 639,488	100.00%	\$ 634,120	100.00%

At September 30, 2023 March 31, 2024, the Bank had two account relationships from local government entities that comprised 3.63.5% and 2.91.6% of total deposits, respectively. At March 31, 2024 the Company had \$10.0 million of brokered certificates of deposits. The Company had no brokered deposits at December 31, 2023.

At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Bank had \$47.529.1 million and \$28.632.1 million in certificates of deposits of \$250,000 or more, respectively. Deposits in excess of \$250,000 may not be insured by the FDIC.

(dollars in thousands)		September 30, 2023
Within one year		\$ 118,177
Year 2		40,870



Year 3	11,794
Year 4	4,953
Year 5	9,283
Thereafter	—
Total certificates of deposit	\$ 185,077

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At March 31, 2024 scheduled maturities of certificates of deposits are as follows:

(dollars in thousands)	March 31, 2024
Within one year	\$ 116,384
Year 2	40,289
Year 3	4,771
Year 4	8,958
Year 5	3,450
Thereafter	—
Total certificates of deposit	\$ 173,852

**NOTE 87 - BORROWINGS AND SUBORDINATED DEBT**

A summary of the Company's borrowings at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 are indicated as follows:

(dollars in thousands)	September 30, 2023			December 31, 2022		March 31, 2024			December 31, 2023	
	Maturity	Balance	Rate	Balance	Rate	Maturity	Balance	Rate	Balance	Rate
Federal Home Loan Bank Advances	2023	\$ 37,500	5.57%	\$ 12,000	4.58%					

BV Financial Inc. Series	35,0	35,0								
2020 Notes	2030	00	4.88%	00	4.88%	2030	\$	35,000	4.88%	\$ 35,000 4.88%
Easton Capital Trust I	3,09	SOFR +	3,09	Libor +						
	2034	3	2.85%	3	2.85%	2034		—	—	3,093 SOFR + 2.85%
Total Borrowings, gross	75,5			50,0						
	93			93				35,000		38,093
Less: Debt issuance costs	(311)			(427)				(233)		(272)
Less: net fair value adjustment	(584)			(627)				—		(570)
Total Borrowings, net	74,6			49,0						
	\$ 98			\$ 39				\$ 34,767		\$ 37,251

During the quarter ended March 31, 2024, the Company paid off \$3.0 million in junior subordinated debt assumed via a previous acquisition that had an interest rate in the most recent quarter of 8.49%. This resulted in the write-off (increase in interest expense) of the remaining purchase accounting fair market value adjustment of \$566,000.

## NOTE 98 – LEASE COMMITMENTS AND CONTINGENCIES

### Operating Leases

The Company determines if an arrangement is a lease at inception. All of the Company's leases are currently classified as operating leases and are included in other assets and other liabilities on the Company's Consolidated Balance Sheets. Periodic operating lease agreements costs are primarily recorded in occupancy expenses of premises on the Company's Consolidated Statements of Income.

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 arrangements. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of the expected future lease payments over the remaining lease term. In determining the present value of future lease payments, the Company uses its incremental borrowing rate based on the information available at the lease commencement date. The operating ROU assets are adjusted for any lease payments made at or before the lease commencement date, initial direct costs, any lease incentives received and, for acquired leases, any favorable or unfavorable fair value adjustments. The present value of branches and office space. Topic 842 requires operating the lease agreements liability may include the impact of options to be extend or terminate the lease when it is reasonably certain that the Company will exercise such options provided in the lease terms. Lease expense is recognized on a straight-line basis over the consolidated balance sheet expected lease term. Lease agreements that include lease and non-lease components, such as a right-of-use-asset with a corresponding lease liability, common area maintenance charges, are accounted for separately.

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The table below details the Right right of Use use asset (net of accumulated amortization), lease liability and other information related to the Company's operating leases:

(dollars in thousands)	Consolidated Balance			Consolidated Balance		
	Sheet Classification	September 30, 2023	December 31, 2022	Sheet Classification	March 31, 2024	December 31, 2023
Operating lease right of use asset	Other assets	\$ 1,075	\$ 617	Other assets	\$ 1,079	\$ 1,128
Operating lease liabilities	Other liabilities	\$ 1,107	\$ 645	Other liabilities	\$ 1,115	\$ 1,162
Other information related to leases:						
Weighted average remaining lease term of operating leases		5.9 years	4.1 years		5.3 years	5.5 years
Weighted average discount rate of operating leases		4.60 %	3.96 %		4.26 %	4.26 %

The table below details the Company's lease cost, which is included in occupancy expense in the Consolidated Statements of Income.

(dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Operating lease cost	\$ 72	\$ 59	\$ 187	\$ 213
Cash paid for lease liability	\$ 52	\$ 43	\$ 140	\$ 176

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(dollars in thousands)	Three Months Ended March 31,	
	2024	2023

Operating lease cost	\$ 72	\$ 44
Cash paid for lease liability	\$ 57	\$ 44

A maturity analysis of operating lease liabilities and reconciliation of the undiscounted cash flows to the total operating lease liability is as follows:

(dollars in thousands)	As of September 30, 2023	As of March 31, 2024
Lease payments due:		
Within one year	\$ 207	\$ 243
After one but within two years	204	443
After two but within three years	196	103
After three but within four years	151	64
After four but within five years	64	64
After five years	309	213
Total undiscounted lease payments	1,131	1,130
Less: imputed interest	(24)	(15)
Present value of operating lease liabilities	\$ 1,107	\$ 1,115

#### NOTE 109 – REGULATORY MATTERS

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

The Basel III Capital Rules became effective for the Bank on January 1, 2015 (subject to a phase-in period for certain provisions). Quantitative measures established by the Basel III Capital Rules to ensure capital adequacy require the maintenance of minimum amounts and ratios (set forth in the table below) of Common Equity Tier 1 capital, Tier 1 capital, and Total capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier 1 capital to adjusted quarterly average assets (as defined).

In connection with the adoption of the Basel III Capital Rules, the Bank elected to opt-out of the requirement to include accumulated other comprehensive income in Common Equity Tier 1 capital. Common Equity Tier 1 capital for the Bank is reduced by goodwill and other intangible assets, net of associated deferred tax liabilities and subject to transition provisions.

Insured depository institutions are required to meet the following in order to qualify as "well capitalized:" (1) a common equity Tier 1 risk-based capital ratio of 6.5%; (2) a Tier 1 risk-based capital ratio of 8%; (3) a total risk-based capital ratio of 10%; and (4) a Tier 1 leverage ratio of 5%.

The maintenance of a capital conservation buffer of 2.5% is also required. The Basel III Capital Rules also provide for a "countercyclical capital buffer" that is applicable to only certain covered institutions and does not have any current applicability to the Bank. The aforementioned capital conservation buffer is designed to absorb losses during periods of economic stress. Banking institutions with a ratio of Common Equity Tier 1 capital to risk-weighted assets above the minimum but below the conservation buffer (or below the combined capital conservation buffer and countercyclical capital buffer, when the latter is applied) will face constraints on dividends, equity repurchases, and compensation based on the amount of the shortfall.

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As of March 31, 2024	Actual		For capital adequacy purposes		To be well capitalized under prompt corrective action provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(dollars in thousands)					
Tier 1 Leverage ratio	\$ 165,718	19.26 %	\$ 34,425	4.00 %	\$ 43,031	5.00 %
Tier 1 capital (to risk-weighted assets)	\$ 165,718	23.94 %	\$ 41,538	6.00 %	\$ 55,384	8.00 %
Common Equity Tier 1 Capital Ratio (to risk-weighted assets)	\$ 165,718	23.94 %	\$ 31,153	4.50 %	\$ 44,999	6.50 %
Total Capital ratio (to risk-weighted assets)	\$ 174,374	25.19 %	\$ 55,384	8.00 %	\$ 69,229	10.00 %

As of September 30, 2023	Actual		For capital adequacy purposes		To be well capitalized under prompt corrective action provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(dollars in thousands)					
Tier 1 Leverage ratio	\$ 158,940	17.40 %	\$ 36,537	4.00 %	\$ 45,671	5.00 %

Tier 1 capital (to risk-weighted assets)	\$	158,940	23.63 %	\$	57,175	8.50 %	\$	53,812	8.00 %
Common Equity Tier 1 Capital Ratio (to risk-weighted assets)	\$	158,940	23.63 %	\$	47,085	7.00 %	\$	43,722	6.50 %
Total Capital ratio (to risk-weighted assets)	\$	167,221	24.86 %	\$	70,628	10.50 %	\$	67,265	10.00 %

	To be well capitalized under prompt corrective action provisions						To be well capitalized under prompt corrective action provisions					
	Actual		For capital adequacy purposes		Actual		For capital adequacy purposes		Actual		For capital adequacy purposes	
	Amo	Ra	Amo	Rat	Amo	Rat	Amo	Rat	Amo	Ra	Amo	Rat
As of December 31, 2022	unt	tio	unt	io	unt	io	unt	io	unt	tio	unt	io
As of December 31, 2023							Amount	Ratio	Amount	Ratio	Amount	Ratio
	(dollars in thousands)						(dollars in thousands)					
Tier 1 Leverage ratio	109,93	13.3	41,32	4.0	52,05	5.0	\$ 162,125	18.50 %	\$ 35,055	4.00 %	\$ 43,819	5.00 %
Tier 1 capital (to risk-weighted assets)	\$ 9,93	9 %	\$ 845	0 %	\$ 7,00	0 %	\$ 162,125	24.00 %	\$ 40,523	6.00 %	\$ 54,031	8.00 %
Common Equity Tier 1 Capital Ratio (to risk-weighted assets)	\$ 9,93	6 %	\$ 922	0 %	\$ 2,00	0 %	\$ 162,125	24.00 %	\$ 30,393	4.50 %	\$ 43,900	6.50 %
Total Capital ratio (to risk-weighted assets)	\$ 7,75	4 %	\$ 883	50 %	\$ 2,00	00 %	\$ 170,571	25.26 %	\$ 54,031	8.00 %	\$ 67,539	10.00 %

## NOTE 1110 – FAIR VALUE MEASUREMENTS

The Company adopted ASC Topic 820, “Fair Value Measurements” and ASC Topic 825, “The Fair Value Option for Financial Assets and Financial Liabilities,” which provides a framework for measuring and disclosing fair value under U.S. GAAP. ASC Topic 820 requires disclosures about the fair value of assets and liabilities recognized in the consolidated balance sheet in periods subsequent to initial recognition, whether the measurements are made on a recurring basis (for example, AFS investment securities) or on a nonrecurring basis (for example, individually evaluated loans).

ASC Topic 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC Topic 820 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The Company utilizes fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. AFS securities are recorded at fair value on a recurring basis. Additionally, from time to time, the Company may be required to record at fair value other assets on a nonrecurring basis such as loans held for investment and certain

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other assets. These nonrecurring fair value adjustments typically involve application of lower of cost or market accounting or write-downs of individual assets.

Under ASC Topic 820, the Company groups assets and liabilities at fair value in three levels, based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine the fair value. These hierarchy levels are:

Level 1 inputs - Unadjusted quoted prices in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.

Level 2 inputs - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These might include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs - Unobservable inputs for determining the fair values of assets or liabilities that reflect an entity's own

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### **BV FINANCIAL, INC. AND SUBSIDIARIES**

assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

Transfers between levels of the fair value hierarchy are recognized on the actual date of the event or circumstances that caused the transfer, which generally coincides with the Company's quarterly valuation process. Intra-quarter transfers in and out of level 3 assets and liabilities recorded at fair value on a recurring basis are disclosed. There were no such transfers during the quarter ended **September 30, 2023** **March 31, 2024** or the year ended **December 31, 2022** **December 31, 2023**.

Following is a description of valuation methodologies used for assets and liabilities recorded at fair value:

#### ***Securities Available for Sale***

AFS investment securities are recorded at fair value on a recurring basis. Standard inputs include quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions and other factors such as credit loss assumptions. Level 1 securities include those traded on an active exchange, such as the New York Stock Exchange, Treasury securities that are traded by dealers or brokers in active over-the-counter markets and money market funds. Level 2 securities include agency and mortgage-backed securities issued by government sponsored entities ("GSEs"), municipal bonds and corporate debt securities. Securities classified as Level 3 include asset-backed securities in less liquid markets.

### ***Equity Securities Carried at Fair Value Through Income***

Equity securities carried at fair value through income are recorded at fair value on a recurring basis. Standard inputs include quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions and other factors such as credit loss assumptions. Level 1 equity securities include those traded on an active exchange, such as the New York Stock Exchange. Level 2 equity securities include mutual funds with asset-backed securities issued by GSEs as the underlying investment supporting the fund. Equity securities classified as Level 3 include mutual funds with asset-backed securities in less liquid markets.

### ***Loans Receivable***

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 is 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 are segregated individually. Management estimates the fair value of individually evaluated loans using one of several methods, including the collateral value, market value of similar debt, or discounted cash flows. Individually evaluated loans not requiring an allowance are those for which the fair value of expected

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repayments or collateral exceed the recorded investment in such loans.

In accordance with FASB ASC 820, loans where an allowance is established based on the fair value of collateral (loans with impairment) require classification in the fair value hierarchy. When the fair value of the collateral is based on an observable market price (e.g., contracted sales price), the Company records the loan as nonrecurring Level 2. When the fair value of the collateral dependent loan is derived from an appraisal, the Company records the loan as nonrecurring Level 3. Fair value is re-assessed at least quarterly or more frequently when circumstances occur that indicate a change in the fair value. The fair values of collateral dependent loans that are not measured based on collateral values are measured using discounted cash flows and considered to be Level 3 inputs.

### **Other Foreclosed Real Estate Owned ("OREO")**



OREO Foreclosed real estate is adjusted for fair value upon transfer of the loans to foreclosed assets. Subsequently, OREO foreclosed real estate is reported at the lower of carrying value or fair value. Fair value is based on independent market prices, appraised value 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 (e.g., contracted sales price), the Company records the foreclosed asset as nonrecurring Level 2 when the fair

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value is derived from an appraisal, the Company records the foreclosed asset at nonrecurring Level 3.

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

The tables below present the recorded amount of assets as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 measured at fair value on a recurring basis.

	Level 1 Quoted prices in active markets for identical assets				Level 2 Significant other observable inputs				Level 3 Significant other unobservable inputs					
As of September 30, 2023	Total													
As of March 31, 2024	Total	identical assets		inputs		inputs		inputs		inputs		inputs		
	(dollars in thousands)								(dollars in thousands)					
Securities available for sale														
Agency Securities	\$ 4,752	\$ —	\$ 4,752	\$ —	\$ 690	\$ —	\$ 690	\$ —						
Corporate securities	1,352	—	1,352	—	1,432	—	1,432	—						
Mortgage-backed securities	29,512	—	29,512	—	26,299	—	26,299	—						
Treasuries	2	—	29,512	—	26,299	—	26,299	—						
	35,616	—	35,616	—	5,331	—	5,331	—						
	\$ 6	\$ —	\$ 35,616	\$ —	\$ 33,752	\$ —	\$ 33,752	\$ —						

Level 1			Level 2			Level 3		
Quoted prices in active markets for			Significant other observable			Significant other unobservable		
Identical assets			Inputs			Inputs		
(dollars in thousands)			(dollars in thousands)			(dollars in thousands)		

identical									
As of December 31, 2022	Total	assets	inputs	inputs					
As of December 31, 2023						Total	identical assets	inputs	inputs
	(dollars in thousands)					(dollars in thousands)			
Securities available for sale									
Agencies						\$ 4,723	\$ —	\$ 4,723	\$ —
Corporate securities	\$ 1,932	\$ —	\$ 1,932	\$ —	1,418	—	1,418	—	
Mortgage-backed securities	31,10								
	2	—	31,102	—	28,640	—	28,640	—	
	33,03								
	\$ 4	\$ —	\$ 33,034	\$ —	\$ 34,781	\$ —	\$ 34,781	\$ —	

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The Company may be required to measure certain assets at fair value on a nonrecurring basis in accordance with U.S. GAAP. These include assets that are measured at the lower of cost or market that were recognized at fair value below cost at the end of the period. Assets measured at fair value on a non recurring basis as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** were included in the tables below.

		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
		Quoted prices in active markets for	Significant other observable	Significant other unobservable		Quoted prices in active markets for	Significant other observable	Significant other unobservable
		identical assets	inputs	inputs		identical assets	inputs	inputs
As of September 30, 2023	Total				As of March 31, 2024	Total		
(dollars in thousands)								
Individually evaluated loans	3,8							
	\$ 10	\$ —	\$ —	\$ 3,810		\$ 10,745	\$ —	\$ —
Foreclosed real estate and repossessed assets	555	—	—	555		170	—	170

	4,3								
	\$ 65	\$ —	\$ —	\$ 4,365	\$ 10,915	\$ —	\$ —	\$ 10,915	
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
		Quoted	Signifi	Significa		Quoted prices	Significant	Significant	
		prices	cant	nt		in active	other	other	
		in active	other	other		markets for	observable	unobservable	
		markets	observ	unobser					
		for	able	vable					
		identical							
As of December 31, 2022	Total	assets	inputs	inputs					
As of December 31, 2023					Total	identical assets	inputs	inputs	
(dollars in thousands)									
Impaired loans	6,3								
	\$ 49	\$ —	\$ —	\$ 6,349					
Individually evaluated loans					\$ 10,554	\$ —	\$ —	\$ 10,554	
Foreclosed real estate and repossessed assets	1,9								
	87	—	—	1,987	170	—	—	170	
	8,3								
	\$ 36	\$ —	\$ —	\$ 8,336	\$ 10,724	\$ —	\$ —	\$ 10,724	
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## **BV FINANCIAL, INC. AND SUBSIDIARIES**

### **NOTE 12.11 – FAIR VALUE OF FINANCIAL INSTRUMENTS**

Financial instruments require disclosure of fair value information, whether or not recognized in the consolidated balance sheets, when it is practical to estimate the fair value. A financial instrument is defined as cash, evidence of an ownership interest in an entity or a contractual obligation which requires the exchange of cash. Certain items are specifically excluded from the financial instrument fair value disclosure requirements, including the Company's common stock, **OREO, foreclosed real estate**, premises and equipment and other assets and liabilities.

The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. However, considerable judgment is required to interpret market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts. Therefore, any aggregate unrealized gains or losses should not be interpreted as a forecast of future earnings or cash flows. Furthermore, the fair values disclosed should not be interpreted as the aggregate current value of the Company.

## BV FINANCIAL, INC. AND SUBSIDIARIES

The Company's estimated fair values of financial instruments are presented in the following table.

	September 30, 2023			December 31, 2022		March 31, 2024					December 31, 2023	
	Fair value hierarchy	Carrying amount	Fair value	Carrying amount	Fair value	Fair value hierarchy	Carrying amount	Fair value	Carrying amount	Fair value		
(dollars in thousands)												
Financial assets												
Cash and cash equivalents	Level 1	114,459	114,459	68,652	68,652	Level 1	\$ 78,837	\$ 78,837	\$ 73,742	\$ 73,742		
Equity investment						Level 2	246	246	256	256		
Securities held to maturity	Level 2	10,263	9,013	10,461	9,660	Level 2	10,153	9,154	10,209	9,206		
Securities held to available for sale	Level 2	35,616	35,616	33,034	33,034	Level 2	33,752	33,752	34,781	34,781		
Federal Home Loan Bank of Atlanta stock	Level 2	2,407	2,407	977	977	Level 2	654	654	626	626		
Loans receivable	Level 3	698,884	671,138	659,131	639,027	Level 3	700,230	685,045	696,248	686,879		
Accrued interest receivable	Level 2	3,450	3,450	2,952	2,952	Level 2	3,147	3,147	3,279	3,279		
Financial liabilities												
Deposits	Level 3	646,476	505,207	684,618	551,348	Level 3	\$ 639,488	\$ 636,834	\$ 634,120	\$ 631,720		
FHLB Borrowings	Level 3	37,500	37,500	12,000	11,976							
Subordinated Debentures	Level 3	37,198	30,320	37,039	33,595	Level 3	34,767	27,559	37,251	31,018		
Accrued interest payable	Level 2	916	916	110	110	Level 2	753	753	193	193		

**NOTE 13.12 – EARNINGS PER SHARE (“EPS”)**

Basic earnings per common share represent income available to common shareholders, divided by the weighted average number of common shares outstanding during the period. As a result of the **second step conversion, Conversion**, previously outstanding shares **have been were** adjusted to reflect the 1.5309-to-1 exchange ratio. Diluted earnings per share reflect additional common shares that would have been outstanding if dilutive potential common shares had been issued. Potential common shares that may have been issued by the Company related to outstanding unvested restricted stock unit and performance stock unit awards were determined using the treasury stock method and included in the calculation of dilutive common stock equivalents. The Company has not granted any stock options since 2017.

As of three **and nine** months ended **September 30, 2023** **March 31, 2024**, and **2022, 2023**, there were no, unvested restricted stock or performance stock unit awards which were excluded from the calculation as their effect would be anti-dilutive. Basic and diluted earnings per share have been computed based on weighted-average common and common equivalent shares outstanding as follows:

(dollars in thousands, except per share data)	Three Months Ended March 31,		Three Months Ended March 31,	
	2024		2023	
	Basic	Diluted	Basic	Diluted
Net income	\$ 2,574	\$ 2,574	\$ 3,115	\$ 3,115
Weighted average common shares outstanding	10,638	10,638	7,967	7,967
Dilutive securities				
Stock options	—	31	—	22
Adjusted weighted average shares outstanding	10,638	10,669	7,967	7,989
Earnings-per share amount	\$ 0.24	\$ 0.24	\$ 0.39	\$ 0.39

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Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
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(dollars in thousands, except per share data)	Basic	Diluted	Basic	Diluted	Basic	Diluted	Basic	Diluted
Net income	\$ 3,684	\$ 3,684	\$ 2,612	\$ 2,612	\$ 10,698	\$ 10,698	\$ 7,794	\$ 7,794
Weighted average common shares outstanding	10,600	10,600	7,957	7,957	8,858	8,858	7,947	7,947
Dilutive securities								
Stock options	—	30	—	22	—	40	—	22
Adjusted weighted average shares outstanding	10,600	10,630	7,957	7,979	8,858	8,898	7,947	7,969
Earnings-per share amount	\$ 0.35	\$ 0.35	\$ 0.33	\$ 0.33	\$ 1.21	\$ 1.20	\$ 0.98	\$ 0.98

#### NOTE 14.13 – INCOME TAXES

The Company files a consolidated federal income tax return with its subsidiaries. Deferred tax assets and liabilities are determined using the liability (or balance sheet) method which requires that deferred tax assets and liabilities be recognized using enacted tax rates for the effect of temporary differences between the book and tax bases of recorded assets and liabilities. If it is more likely than not that some portion or the entire deferred tax asset will not be realized, deferred tax assets will be reduced by a valuation allowance. It is the Company's policy to recognize accrued interest and penalties related to unrecognized tax benefits as a component of tax expense.

(dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
Current expense						
Federal	\$ 1,004	\$ 659	\$ 2,434	\$ 1,719	\$ 519	\$ 818
State	456	347	1,125	873	238	372
Total current expense	1,460	1,006	3,559	2,592	757	1,190
Deferred expense	(61)	29	345	189	269	—
Income tax expense	\$ 1,399	\$ 1,035	\$ 3,904	\$ 2,781	\$ 1,026	\$ 1,190

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#### BV FINANCIAL, INC. AND SUBSIDIARIES

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### General

Management's discussion and analysis is intended to enhance your understanding of our financial condition and results of operations. The financial information in this section is derived from the accompanying financial statements. You should read the financial information in this section in conjunction with the business and financial information contained in this Quarterly Report on Form 10-Q and in the Company's definitive prospectus dated May 15, 2023, 2023 Annual Report on Form 10-K as filed with the Securities and Exchange Commission on May 23, 2023, pursuant to Securities Act Rule 424(b)(3) March 22, 2024.

### Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements, which can be identified by the use of words such as "estimate," "project," "believe," "intend," "anticipate," "assume," "plan," "seek," "expect," "will," "may," "should," "indicate," "would," "contemplate," "continue," "intend," "target" and words of similar meaning. These forward-looking statements include, but are not limited to:

- statements of our goals, intentions and expectations;
- statements regarding our business plans, prospects, growth and operating strategies;
- statements regarding the quality of our loan and investment portfolios; and
- estimates of our risks and future costs and benefits.

These forward-looking statements are based on our current beliefs and expectations of our management and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change. We are under no duty to and do not undertake any obligation to update any forward-looking statements after the date of this Quarterly Report on Form 10-Q.

The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements:

- general economic conditions, either nationally or in our market areas, that are worse than expected including as a result employment levels and labor shortages, and the effects of inflation, a potential recession or slowed economic growth caused by supply chain disruptions or otherwise; growth;
- the impact of the COVID-19 pandemic on our business and results of operations;
- changes in the level and direction of loan delinquencies and charge-offs and changes in estimates of the adequacy of allowance for credit losses;
- changes in the economic assumptions used to calculate the allowance for credit losses;
- our ability to access cost-effective funding;
- changes in liquidity, including the size and composition of our deposit portfolio, including the percentage of uninsured deposits in the portfolio;
- fluctuations in real estate values and both residential and commercial real estate market conditions;

- our continued ability to originate loans outside of our market area;
- our ability to implement and change our business strategies;
- competition among depository and other financial institutions;
- inflation and changes in the interest rate environment that reduce our margins and yields, the fair value of financial instruments or our level of loan originations or prepayments on loans we have made and make;
- adverse changes in the securities markets;

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### **BV FINANCIAL, INC. AND SUBSIDIARIES**

- adverse changes in the securities markets;
- changes in laws or government regulations or policies affecting financial institutions, including changes in regulatory fees and capital requirements and insurance premiums;
- a potential government shutdown;
- changes in the quality or composition of our loan or investment portfolios;
- technological changes that may be more difficult or expensive than expected;
- system failure or cyber-security breaches of our information technology infrastructure;
- the failure to maintain current technologies and/or successfully implement future information technology enhancements;
- the inability of third-party providers to perform as expected;
- our ability to manage market risk, credit risk and operational risk in the current economic environment;
- our ability to enter new markets successfully and capitalize on growth opportunities;
- our ability to successfully integrate into our operations any assets, liabilities, customers, systems and management personnel we may acquire, and our ability to realize related revenue synergies and cost savings within expected time frame and any goodwill charges related thereto;
- changes in consumer spending, borrowing and savings habits;
- changes in accounting policies and practices, as may be adopted by the bank regulatory agencies, the Financial Accounting Standards Board, the Securities and Exchange Commission or the Public Company Accounting Oversight Board;
- our ability to retain key employees;
- our compensation expense associated with equity allocated or awarded to our employees; and
- changes in the financial condition, results of operations or future prospects of issuers of securities that we own.

Because of these and other uncertainties, our actual future results may be materially different from the results indicated by these forward-looking statements. Except as required by law or regulation, we do not undertake, and we specifically disclaim



any obligation to release publicly the results of any revisions that may be made to any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

## **Critical Accounting Policies and Use of Critical Accounting Estimates**

Our accounting policies are integral to understanding the results reported. We consider accounting policies that require management to exercise significant judgment or discretion or to make significant assumptions that have, or could have, a material impact on the carrying value of certain assets or on income to be critical accounting policies.

### ***Allowance for Credit Losses***

On January 1, 2023, the Company adopted *Accounting Standards Updates (ASU) 2016-13 "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,"* Accounting Standards Codification ("ASC") 326 requires entities to estimate an allowance for credit losses ("ACL") on certain types of financial instruments measured at amortized cost using a current expected credit losses ("CECL") methodology, replacing the prior-required incurred loss methodology. It also applies to unfunded commitments to extend credit, including loan commitments, standby letters of credit, and other similar instruments. The impairment model for available-for-sale debt securities was modified and ASC 326 also provided for a simplified accounting model for purchased financial assets with credit deterioration since their origination. The amendments of ASC 326, upon adoption, were applied on a modified retrospective basis, by recording an increase in the reported balance of loans and the allowance for credit losses on loans, an increase in the liability for credit

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### **BV FINANCIAL, INC. AND SUBSIDIARIES**

losses on commitments to extend credit and reducing total equity of both the Company and the Bank. As a result of adopting ASC 326, the Company recorded a decrease to retained earnings, net of taxes, of \$547,000.

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The ACL is an estimate of the expected credit losses for loans held for investment and for off-balance sheet exposures. ASC 326, "Financial Instruments-Credit Losses," requires an immediate recognition of the credit loss expected to occur over the lifetime of a financial asset whether originated or purchased. Charge-offs are recorded to the ACL when management believes the loan is uncollectible. Subsequent recoveries, if any, are credited to the ACL. Management believes the ACL is maintained in accordance with GAAP and in compliance with appropriate regulatory guidelines. The ACL includes quantitative estimates of losses for collectively and individually evaluated loans. The quantitative estimate for collectively evaluated loans (other than investor commercial real estate loans) is determined using the average charge-off method that utilizes historical losses for all Maryland banks with assets less than \$1 billion beginning in March 2000. The investor commercial real estate portfolio utilizes the national loss history for banks with assets less than \$1 billion over the same time period. Adjustments are made to the historical loss factors under each scenario for economic conditions, portfolio concentrations, collateral values, the level and trend of delinquent and problem loans and internal changes in staffing, loan

policies and monitoring of the portfolio. Loans are selected for individual evaluation primarily based on their payment status and whether the loan has been placed on non-accrual status. Loans on non-accrual status include all loans greater than 90 days delinquent and other loans with weaknesses sufficient for management to place these loans on non-accrual status. The ACL is measured on a collective basis when similar risk factors exist as determined by internal loan coding and assignment to a portfolio segment. The Company utilizes reasonable and supportable forecasts of future economic conditions when estimating the ACL on loans. The model's calculation also uses an adjustment for a 12-month forecast period utilizing the most recent 12-month economic forecast from the Board of Governors of the Federal Reserve System for national gross domestic product ("GDP"). The model compares the average history of loss rates described above to the forecasted GDP to determine the value of the forward-looking adjustment. The establishment of the allowance for credit losses is significantly affected by management's judgment and by economic and other uncertainties, and there is a likelihood that different amounts would be reported under different conditions or assumptions. The Federal Deposit Insurance Corporation and the Maryland Office of the Commissioner of Financial Regulation, as an integral part of their examination process, periodically review the allowance for credit losses for reasonableness and, as a result of such reviews, we may be required to increase our ACL or recognize loan charge-offs. The calculation of ACL excludes accrued interest receivable balances because these balances are reversed in a timely manner against previously recognized interest income when a loan is placed on non-accrual.

ASU Update 2022-02 On January 1, 2023, the Company adopted ASU 2022-02 –*Financial Instruments-Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures*. ASU 2022-02 eliminates the TDRs recognition and measurement guidance and, instead, requires that an entity evaluate whether the modification represents a new loan or a continuation of an existing loan. The amendments enhance existing disclosure requirements and introduce new requirements related to certain modifications of receivables made to borrowers experiencing financial difficulty. In addition, ASU Update 2022-02 requires that an entity disclose current-period gross write-offs by year of origination for financing receivables and net investment in leases. The Company adopted ASU 2022-02 using a modified retrospective transition method for TDRs. The impact of adoption was immaterial. The disclosure amendments in the Update 2022-02 were applied prospectively.

## **Goodwill**

The excess purchase price over the fair value of net assets from acquisitions, or goodwill, is evaluated for impairment at least annually and on an interim basis if an event or circumstance indicates it is likely impairment has occurred. Goodwill impairment is determined by comparing the fair value of a reporting unit to its carrying amount. In any given year the Company may elect to perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is in excess of its carrying value. If it is not more likely than not that the fair value of the reporting unit is in excess of the carrying value, or if the Company elects to bypass the qualitative assessment, a quantitative impairment test is performed. In performing a quantitative test for impairment, the fair value of net assets is estimated based on analyses of the Company's market value, discounted cash flows, and peer values. The determination of goodwill impairment is sensitive to market-based economics and other key assumptions used in determining or allocating fair value. Variability in the market and changes in assumptions or subjective measurements used to estimate fair value are reasonably possible and may have a material impact on our consolidated financial statements or results of operations. Our annual goodwill impairment test is performed each year as of September 30. The Company performed its 2022 2023 goodwill impairment

qualitative assessment and determined its goodwill was not considered impaired. We monitor our performance and evaluate our goodwill for impairment annually or more frequently as needed.

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## **BV FINANCIAL, INC. AND SUBSIDIARIES**

### ***Deferred Income Taxes***

At **September 30, 2023** **March 31, 2024**, we had a net deferred tax asset totaling **\$9.0 million** **\$8.7 million**. In accordance with ASC Topic 740 "Income Taxes," we use the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. If currently available information raises doubt as to the realization of the deferred tax assets, a valuation allowance is established if it is not more likely than not realizable. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. We exercise significant judgment in evaluating the amount and timing of recognition of the resulting deferred tax assets and liabilities. These judgments require us to make projections of future taxable income. The judgments and estimates we make in determining our deferred tax assets are inherently subjective and are reviewed on a regular basis as regulatory or business factors change. Any reduction in estimated future taxable income may require us to record a valuation allowance against our deferred tax assets. A valuation allowance that results in additional income tax expense in the period in which it is recognized would negatively affect income. Management believes, based upon current facts, that it is more likely than not that there will be sufficient taxable income in future years to realize its federal and state deferred tax asset.

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## **BV FINANCIAL, INC. AND SUBSIDIARIES**

### **Comparison of Financial Condition at **September 30, 2023** **March 31, 2024** (Unaudited) and **December 31, 2022** **December 31, 2023****

**Total Assets.** Total assets were **\$931.4 million** **\$892.5 million** at **September 30, 2023** **March 31, 2024**, an increase of **\$86.4 million** **\$7.2 million**, or **10.2%** **0.82%**, from **\$845.0 million** **\$885.3 million** at **December 31, 2022** **December 31, 2023**. The increase was due primarily to a **\$45.8 million** **\$5.1 million** increase in cash and cash equivalents, and a **\$39.8 million** **\$3.9 million** increase in net loans receivable to **\$698.9 million** at September 30, 2023, partially offset funded by decreases an increase in deposits and

quarterly net income. The increase in deposits included the issuance of \$1.4 million \$10 million in repossessed assets and \$417,000 in brokered deposits during the cash value of life insurance period.

**Cash and Cash Equivalents.** Cash and cash equivalents increased \$45.8 million \$5.1 million, or 67.7% 6.9%, to \$114.5 million \$78.8 million at September 30, 2023 March 31, 2024 from \$68.7 million \$73.7 million at December 31, 2022, December 31, 2023 primarily due to the stock offering and an increase in borrowings from the FHLB deposits.

**Net Loans Receivable.** Net loans Loans receivable increased \$39.8 million \$3.9 million, or 6.0% 0.56%, to \$698.9 million \$708.7 million at September 30, 2023 March 31, 2024 from \$659.1 million \$704.8 million at December 31, 2022, December 31, 2023. Increases in commercial and industrial loans of \$20.1 million in \$7.0 million and investor commercial real estate and \$2.3 million loans of \$4.9 million offset decreases in construction owner occupied one-to-four loans were partially offset by decreases of \$16.6 million of owner and \$1.4 million, non-owner occupied one-to-four-family loans and \$4.0 million of commercial loans. The increase in construction loans was due primarily to draws on existing lines of credit. The decreases in one- to four-family loans of \$4.1 million and owner occupied commercial real estate loans were due primarily to payoffs and pay downs exceeding originations during the nine-months ended September 30, 2023 of \$2.4 million.

**Allowance for Credit Losses.** The Company adopted ASU 326 on January 1, 2023. Under this new current expected loss model, provisions for credit losses are charged to operations to establish an allowance for credit losses at a level to cover expected losses over the expected life of a loan or securities portfolio. Under the previous "incurred loss" model, provisions for loan losses were charged to operations to establish an allowance for loan losses at a level necessary to absorb known and inherent losses in our loan portfolio that are both probable and reasonably estimable at the date of the consolidated financial statements. Prior to adoption of this standard, the Company segregated the loan portfolios acquired via mergers and evaluated them against a credit mark established at acquisition. As part of the adoption of the new accounting standard, \$3.8 million in remaining acquisition credit marks were transferred to the allowance for credit losses for loans. An additional \$753,000 in allowances for credit losses were established, \$454,000 for the allowance for credit losses for loans, \$289,000 as a reserve for off-balance sheet commitments and \$10,000 for held-to-maturity securities as of the adoption date. In evaluating the level of the allowance for credit losses, management analyzes several qualitative loan portfolio risk factors including, but not limited to, management's ongoing review and grading of loans, facts and issues related to specific loans, historical loan loss and delinquency experience, trends in past due and non-accrual loans, existing risk characteristics of specific loans or loan pools, the fair value of underlying collateral, current economic conditions, reasonable and supportable forecasts of future economic conditions and other qualitative and quantitative factors which could affect potential credit losses.

Our allowance for credit losses – loans was \$8.2 million \$8.5 million at September 30, 2023 March 31, 2024 compared to \$3.8 million \$8.55 million at September 30, 2022 December 31, 2023. The slight decrease in the required ACL resulted from lower historical loss rates and lower life of loan calculations offsetting the higher balances of loans outstanding at March 31, 2024 compared to December 31, 2023. The ratio of our allowance for credit losses to total loans was 1.15% 1.20% at September 30, 2023 March 31, 2024 compared to 0.50% 1.19% at September 30, 2022 March 31, 2023, while the allowance for credit losses to non-performing loans was 213.5% 79.2% at September 30, 2023 March 31, 2024 compared to 51.1% 176.5% at September 30, 2022 March 31, 2023.

**Securities.** Securities available for sale ("AFS") increased \$2.6 million decreased \$1.0 million, or 7.8% 3.0%, to \$35.6 million \$33.8 million at September 30, 2023 March 31, 2024 from \$33.0 million \$34.8 million at December 31, 2022 December 31, 2023. This increase The decrease was primarily due to an increase of \$4.0 million in agency securities, partially offset by decreases in mortgage-backed and corporate securities due to pay downs and new purchases not fully replacing maturities and a \$252,000

decrease paydowns in the market value of the AFS portfolio. Securities held-to-maturity were relatively unchanged at \$10.2 million.

**Total Liabilities.** Total liabilities decreased \$10.9 million increased \$4.6 million or 1.4% 0.7%, to \$736.3 million \$690.8 million at September 30, 2023 March 31, 2024 from \$747.2 million \$686.2 million at December 31, 2022. The decrease December 31, 2023. The increase was primarily due to a decrease an increase in total deposits of \$38.1 million \$5.4 million, partially offset by and an increase in FHLB borrowings, escrow accounts and other accrued balances offsetting the pay-off of the junior subordinated debt of \$3.0 million.

**Deposits.** Total deposits decreased \$38.1 million increased \$5.4 million, or 5.6% 0.85%, to \$646.5 million \$639.5 million at September 30, 2023 March 31, 2024 from \$684.6 million \$634.1 million at December 31, 2022 December 31, 2023. Interest-bearing deposits decreased \$14.1 million increased \$8.3 million, or 2.7% 1.7%, to \$503.3 million \$500.4 million at September 30, 2023 March 31, 2024 from \$517.4 million \$492.1 million at December 31, 2022 as a \$76.7 million, or 14.3%, decrease in lower-cost transaction accounts were offset by a \$38.6 million, or 26.3% increase in certificates of deposit. December 31, 2023. Noninterest bearing deposits decreased \$24.0 million \$2.9 million, or 14.4% 2.1%, to \$143.2 million \$139.1 million at September 30, 2023 March 31, 2024 from \$167.2 million \$142.0 million at December 31, 2022 December 31, 2023.

The During the first quarter of 2024, the Company has replaced \$10.0 million in retail certificates of deposits with \$10 million of brokered deposits at a cost lower than that would have been increasing interest rates paid on deposits in an attempt required to retain and grow these balances.

the retail certificates

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## **BV FINANCIAL, INC. AND SUBSIDIARIES.**

**Federal Home Loan Bank Borrowings.** The Company had \$37.5 million in FHLB no Federal Home Loan Bank borrowings at September 30, 2023 compared to \$12.0 million at December 31, 2022 March 31, 2024 or December 31, 2023. The increase was used to fund loan growth and to maintain on balance sheet liquidity.

**Stockholders' Equity.** Stockholders' equity increased \$97.3 million \$2.7 million, or 99.6% 1.3%, to \$195.1 million \$201.8 million at September 30, 2023 March 31, 2024, primarily due to the stock offering noted above, \$10.7 million in net income and a \$547,000 negative adjustment to retained earnings resulting from the adoption of ASC Topic 326 "Financial Instruments-Credit Losses" during the quarter ended March 31, 2023. income.

**Asset Quality.** Non-performing assets at September 30, 2023 totaled \$4.4 million consisting of \$3.8 million in nonperforming loans and \$555,000 in other real estate owned, compared to \$7.9 million at December 31, 2022, consisting of \$5.9 million in non-performing loans and \$2.0 million in other real estate owned. At September 30 2023, the allowance for credit losses on loans was \$8.2 million, which represented 1.15% of total loans and 213.5% of non-performing loans compared to \$3.8 million at December 31, 2022, which represented 0.57% of total loans and 64.8% of non-performing loans. In addition, at December 31, 2022, the Bank had credit marks of \$3.8 million that were not included in the Bank's allowance for loan loss estimate which is in accordance with U.S. Generally Accepted Accounting Principles. The credit marks were established for specific loans acquired in previous mergers.

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**BV FINANCIAL, INC. AND SUBSIDIARIES**

**Comparison of Operating Results for the Three and Nine Months Ended September 30, 2023 March 31, 2024 and 2022 2023**

**Average Balances and Yields.** The following table sets forth average balance sheets, average yields and costs, and certain other information for the periods indicated. No tax-equivalent yield adjustments have been made, as the effects would be immaterial. All average balances are daily average balances. Non-accrual loans are included in the computation of average balances only. The yields set forth below include the effect of deferred fees, discounts, and premiums that are amortized or accreted to interest income or interest expense. Average balances exclude loans held for sale, if applicable. Net deferred loan origination fees totaled \$1.8 million \$1.9 million and \$1.5 million \$1.7 million at September 30, 2023 March 31, 2024 and 2022, 2023, respectively.

	For the Three Months Ended September 30,						For the Three Months Ended March 31,					
	2023			2022			2024			2023		
	Average	Int	Avera	Average	Avera		Average		Average			
	Outstand	ere	ge	Outstandi	ge		Outstanding		Outstanding			
(dollars in thousands)	ing	st	Yield/	ng	Inte	Yield/	Balance	Interest	Yield/Rate(1)	Balance	Interest	Yield/Rate(1)
	Balance		Rate(1)	Balance	rest	Rate(1)						
	(Unaudited)						(Unaudited)					
<b>Interest-earning assets:</b>												
Loans		9,			7,							
		7			9							
		6		639,34	3							
	\$ 693,956	\$ 4	5.58%	\$ 0	\$ 6	4.92 %	\$ 708,367	\$ 9,782	5.54%	\$ 667,888	\$ 8,773	5.33 %
Securities		3			1							
available-for-sale		0			2							
	35,868	2	3.35%	35,619	3	1.37 %	34,045	306	3.61%	36,134	266	2.99 %
Securities held-to-maturity		8			5							
	12,493	9	2.84%	7,985	3	2.66 %	10,815	92	3.41%	11,915	93	3.18 %
Cash, cash equivalents and other interest-earning assets		1,			4							
		5			5							
		6										
	115,554	0	5.35%	85,673	8	2.11 %	62,681	824	5.27%	50,883	556	4.43 %

Total interest-earning assets	1,711,768	857,871	5	5.42%	7	0	4.42 %	815,908	11,004	5.41%	766,820	9,688	5.12 %
Noninterest-earning assets	74,240				85,757			67,460			81,403		
Total assets	\$ 932,111				\$ 4			\$ 883,368			\$ 848,223		
Interest-bearing liabilities:													
Interest-bearing demand deposits	\$ 82,096	9	1.06%	\$ 94,455	7	0.07 %		\$ 84,550	236	1.12%	\$ 91,842	18	0.08 %
Savings deposits	150,522	0	0.13%	2	4	0.05 %		146,629	65	0.18%	164,817	40	0.10 %
Money market deposits	85,982	5	1.18%	0	6	0.20 %		87,738	352	1.61%	99,583	97	0.39 %
Certificates of deposit	181,292	0	2.71%	0	0	0.52 %		173,093	1,333	3.09%	152,264	510	1.36 %
Total interest-bearing deposits	499,892	4	1.40%	7	7	0.22 %		492,010	1,986	1.62%	508,506	665	0.53 %
Federal Home Loan Bank advances	37,500	0	5.60%	—	—	—%		—	—	—	24,150	289	4.85
Subordinated debentures	37,175	5	5.82%	36,964	9	5.57 %		35,805	1,055	11.82%	37,069	534	5.84 %
Total borrowings	74,675	5	5.71%	36,964	9	5.57 %		35,805	1,055	11.82%	61,219	823	5.45 %



Total interest-bearing liabilities	2,833,567	9	1.96%	567,271	6	0.57%	527,815	3,041	2.31%	569,725	1,488	1.06%
Noninterest-bearing demand deposits	144,603			173,542			139,688			158,807		
Other noninterest-bearing liabilities	63,261			20,289			16,145			22,042		
<b>Total liabilities</b>	<b>782,431</b>			<b>761,102</b>			<b>683,648</b>			<b>750,574</b>		
Equity	149,680			93,272			199,720			97,649		
<b>Total liabilities and equity</b>	<b>\$ 932,111</b>			<b>\$ 854,372</b>			<b>\$ 883,368</b>			<b>\$ 848,223</b>		
Net interest income	8,877			7,505								
							\$ 7,963			\$ 8,200		
Net interest rate spread(2)			3.46%			3.85%			3.10%			4.06%
Net interest-earning assets(3)	\$ 283,304			\$ 201,346			\$ 288,093			\$ 197,095		
Net interest margin(4)			4.10%			4.00%			3.91%			4.34%
Average interest-earning assets to interest-bearing liabilities	149.31%			135.49%			154.58%			134.59%		

- (1) Annualized.
- (2) Net interest rate spread represents the difference between the weighted average yield on interest-earning assets and the weighted average rate of interest-bearing liabilities.
- (3) Net interest-earning assets represent total interest-earning assets less total interest-bearing liabilities.
- (4) Net interest margin represents net interest income divided by average total interest-earning assets.



**BV FINANCIAL, INC. AND SUBSIDIARIES**

The following table sets forth the effects of changing rates and volumes on our net interest income. The rate column shows the effects attributable to changes in rate (changes in rate multiplied by prior volume). The volume column shows the effects attributable to changes in volume (changes in volume multiplied by current rate). The total column represents the sum of the prior columns. For purposes of this table, changes attributable to both rate and volume which cannot be segregated have been allocated proportionately based on the changes due to rate and volume.

For the Three Months Ended September 30, 2023			
Interest Income Increase (Decrease) Due to			
(In thousands)			
	<u>Volume</u>	<u>Rate</u>	<u>Total</u>
Interest income:			
Loans receivable	\$ 769	\$ 1,059	\$ 1,828
Investment securities AFS	2	177	179
Investment securities HTM	32	4	36
Total Investment securities	34	181	215
Short-term investments and other			
interest-earning assets	403	699	1,102
Total interest-earning assets	\$ 1,206	\$ 1,939	\$ 3,145
Interest expense:			
Deposits	\$ (107)	\$ 1,574	\$ 1,467
FHLB Borrowings & Other Borrowings	530	—	530
Subordinated Debentures	3	23	26
Total Borrowings	533	23	556
Total interest-bearing liabilities	426	1,597	2,023
Change in net interest income	\$ 780	\$ 342	\$ 1,122

**BV FINANCIAL, INC. AND SUBSIDIARIES**

For the Nine Months Ended September 30,	
<u>2023</u>	<u>2022</u>

(dollars in thousands)	Average Outstanding Balance	Interest	Average Yield/Rate <sup>(1)</sup>	Average Outstanding Balance	Interest	Average Yield/Rate <sup>(1)</sup>
			(Unaudited)			
<b>Interest-earning assets:</b>						
Loans	\$ 680,436	\$ 27,863	5.47%	\$ 627,642	\$ 22,712	4.84 %
Securities available-for-sale	35,746	846	3.16%	37,443	399	1.43 %
Securities held-to-maturity	12,276	275	3.00%	7,228	143	2.64 %
Cash, cash equivalents and other interest-earning assets	76,310	2,958	5.19%	96,272	726	1.00 %
<b>Total interest-earning assets</b>	<b>804,768</b>	<b>31,942</b>	<b>5.31%</b>	<b>768,585</b>	<b>23,980</b>	<b>4.17 %</b>
Noninterest-earning assets	81,460			83,691		
<b>Total assets</b>	<b>\$ 886,228</b>			<b>\$ 852,276</b>		
<b>Interest-bearing liabilities:</b>						
Interest-bearing demand deposits	\$ 87,159	380	0.58%	\$ 94,189	46	0.07 %
Savings deposits	158,324	141	0.12%	169,997	70	0.06 %
Money market deposits	92,457	491	0.71%	108,560	151	0.18 %
Certificates of deposit	167,313	2,682	2.14%	157,887	721	0.61 %
<b>Total interest-bearing deposits</b>	<b>505,253</b>	<b>3,694</b>	<b>0.98%</b>	<b>530,633</b>	<b>988</b>	<b>0.25 %</b>
Federal Home Loan Bank advances	33,099	1,313	5.30%	—	—	—
Subordinated debentures	37,123	1,621	5.84%	36,911	1,531	5.54 %
<b>Total borrowings</b>	<b>70,222</b>	<b>2,934</b>	<b>5.59%</b>	<b>36,911</b>	<b>1,531</b>	<b>5.54 %</b>
<b>Total interest-bearing liabilities</b>	<b>575,475</b>	<b>6,628</b>	<b>1.54%</b>	<b>567,544</b>	<b>2,519</b>	<b>0.59 %</b>
Noninterest-bearing demand deposits	154,521			172,082		
Other noninterest-bearing liabilities	36,180			22,239		
<b>Total liabilities</b>	<b>766,176</b>			<b>761,865</b>		
Equity	120,052			90,411		
<b>Total liabilities and equity</b>	<b>\$ 886,228</b>			<b>\$ 852,276</b>		
Net interest income		<b>\$ 25,314</b>			<b>\$ 21,461</b>	
Net interest rate spread <sup>(2)</sup>			3.77%			3.58 %
<b>Net interest-earning assets<sup>(3)</sup></b>	<b>\$ 229,293</b>			<b>\$ 201,041</b>		
Net interest margin <sup>(4)</sup>			4.21%			3.73 %
Average interest-earning assets to interest-bearing liabilities	139.84 %			135.42 %		

(1) Annualized.

(2) Net interest rate spread represents the difference between the weighted average yield on interest-earning assets and the weighted average rate of interest-bearing liabilities.

(3) Net interest-earning assets represent total interest-earning assets less total interest-bearing liabilities.

(4) Net interest margin represents net interest income divided by average total interest-earning assets.

For the Three Months Ended March 31, 2024

Interest Income Increase (Decrease) Due to			
(In thousands)			
	<u>Volume</u>	<u>Rate</u>	<u>Total</u>
Interest income:			
Loans receivable	\$ 559	\$ 450	\$ 1,009
Investment securities AFS	(19)	59	40
Investment securities HTM	(9)	8	(1)
Total Investment securities	<u>(28)</u>	<u>67</u>	<u>39</u>
Equity Investments	2	(2)	-
Short-term investments and other			
interest-earning assets	<u>155</u>	<u>113</u>	<u>268</u>
Total interest-earning assets	<u>\$ 688</u>	<u>\$ 628</u>	<u>\$ 1,316</u>
Interest expense:			
Deposits	\$ (88)	\$ 1,409	\$ 1,321
FHLB Borrowings & Other Borrowings	(289)	—	(289)
Subordinated Debentures	<u>(37)</u>	<u>558</u>	<u>521</u>
Total Borrowings	<u>(326)</u>	<u>558</u>	<u>232</u>
Total interest-bearing liabilities	(414)	1,967	1,553
Change in net interest income	<u>\$ 1,102</u>	<u>\$ (1,339)</u>	<u>\$ (237)</u>

**BV FINANCIAL, INC. AND SUBSIDIARIES**

The following table sets forth the effects of changing rates and volumes on our net interest income. The rate column shows the effects attributable to changes in rate (changes in rate multiplied by prior volume). The volume column shows the effects attributable to changes in volume (changes in volume multiplied by current rate). The total column represents the sum of the prior columns. For purposes of this table, changes attributable to both rate and volume which cannot be segregated have been allocated proportionately based on the changes due to rate and volume.

For the Nine Months Ended September 30, 2023			
Interest Income Increase (Decrease) Due to			
(In thousands)			
	<u>Volume</u>	<u>Rate</u>	<u>Total</u>
Interest income:			
Loans receivable	\$ 2,162	\$ 2,989	\$ 5,151
Investment securities AFS	(40)	487	447
Investment securities HTM	113	19	132
Total Investment securities	73	506	579
Short-term investments and other			
interest-earning assets	(775)	3,007	2,232
Total interest-earning assets	\$ 1,460	\$ 6,502	\$ 7,962
Interest expense:			
Deposits	\$ (186)	\$ 2,892	\$ 2,706
FHLB Borrowings & Other Borrowings	1,313	—	1,313
Subordinated Debentures	9	81	90
Total Borrowings	1,322	81	1,403

Total interest-bearing liabilities	1,136	2,973	4,109
Change in net interest income	\$ 324	\$ 3,529	\$ 3,853

**General.** Net income increased \$1.1 million, decreased by \$541,000 or 41.0%, to \$3.7 million 17.4% for the three months ended September 30, 2023 March 31, 2024, compared to \$2.6 million \$3.1 million for the three months ended September 30, 2022 March 31, 2023. The increase decrease was due primarily to an increase the write-off (increase in net interest income and expense) of the remaining purchase accounting fair market value adjustment of \$566,000 upon the pay-off of \$3.0 million in junior subordinated debt assumed in a reduction in the provision for credit losses and an increase in noninterest income, partially offset by increases in noninterest expense and income tax expense. prior acquisition.

**Interest Income.** Interest income increased \$3.1 million \$1.3 million, or 36.6% 13.6%, to \$11.7 million \$11.0 million for the three months ended September 30, 2023 March 31, 2024 from \$8.6 million \$9.7 million for the three months ended September 30, 2022 March 31, 2023. The increase was due primarily to increases in interest income on loans, and interest income on cash, cash equivalents and other interest-earning assets. Interest income on loans increased \$1.8 million \$1.0 million, or 23.0% 11.5%, to \$9.8 million for the three months ended September 30, 2023 March 31, 2024 from \$7.9 million \$8.8 million for the three months ended September 30, 2022 March 31, 2023 due to increases in the average balance of loans and the average yield rate earned on loans. The average balance of loans increased \$54.6 million \$40.5 million, or 8.5% 6.1%, to \$694.0 million \$708.4 million for the three months ended September 30, 2023 March 31, 2024 from \$639.3 million \$667.9 million for the three months ended September 30, 2022 March 31, 2023. The weighted average yield on loans increased 66 21 basis points to 5.58% 5.54% for the three months ended September 30, 2023 March 31, 2024 compared to 4.92% 5.33% for the three months ended September 30, 2022 March 31, 2023, as variable rate loans reset to higher interest rates and the rates on new loans exceeded the rates on paid off loans due to the higher interest rate environment. Interest income on cash, cash equivalents and other interest-earning assets increased \$1.1 million \$268,000 to \$1.6 million \$824,000 for the three months ended September 30, 2023 March 31, 2024 from \$458,000 \$556,000 for the three months ended September 30, 2022 March 31, 2023 due to an increase in the average balance of cash, cash equivalents and other interest-earning assets of \$29.9 million as well as a 324 basis point increase in the average yield.

Interest income increased \$7.9 million, or 33.2%, to \$31.9 million for the nine months ended September 30, 2023 from \$24.0 million for the nine months ended September 30, 2022. The increase was due primarily to increases in interest income on loans and interest income on cash, cash equivalents and other interest-earning assets. Interest income on loans increased \$5.1 million, or 22.7%, to \$27.9 million for the nine months ended September 30, 2023 from \$22.7 million for the nine months ended September 30, 2022 due to increases in the average balance of loans and the average yield. The average balance of loans increased \$52.8 million, or 8.4%, to \$680.4 million for the nine months ended September 30, 2023 from \$627.6 million for the nine months ended September 30, 2022. The weighted average yield on loans increased 64 basis points to 5.47% for the nine months ended September 30, 2023 compared to 4.84% for the nine months ended September 30, 2022, as variable rate loans reset to higher interest rates and the rates on new loans exceeded the rates on paid off loans due to the higher interest rate environment. Interest income on cash, cash equivalents and other interest-earning assets increased \$2.2 million, to \$3.0 million for the nine-months ended September 30, 2023 from \$726,000 for the nine months ended September 30, 2022 due to a 419 basis point increase in the average rate.

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#### **BV FINANCIAL, INC. AND SUBSIDIARIES**

yield on cash, cash equivalents and other interest-earning assets, partially offset by a \$20.0 million decrease in the average balance as excess funds were used to fund loan growth.

**Interest Expense.** Interest expense increased \$2.0 million \$1.5 million, or 244.5% 104.4%, to \$2.8 million \$3.0 million for the three months ended September 30, 2023 March 31, 2024 compared to \$816,000 \$1.5 million for the three months ended September 30, 2022 March 31, 2023, due to a \$1.5 million \$1.3 million increase in interest expense on deposits as rates paid increased and depositors moved money into higher cost certificate of deposit accounts, and a \$530,000 \$521,000 increase in interest expense on subordinated debt due to the write-off of the fair market value adjustment noted above somewhat offset by a \$289,000 decrease in interest expense on advances from the FHLB that as there were used to fund loan growth and deposit outflow. no advances outstanding in the quarter ended March 31, 2024.

The increase in interest expense on deposits was due to a 118 109 basis point increase in the average rate, offset by a \$30.4 million \$16.5 million decrease in the average balance of interest-bearing deposits to \$499.9 million \$492.0 million at September 30, 2023 March 31, 2024 from \$530.3 million \$508.5 million for the three months ended September 30, 2022 March 31, 2023. The average rate on interest-bearing deposits was 1.40% 1.62% for the three months ended September 30, 2023 March 31, 2024 compared to 0.22% 0.53% for the three months ended September 30, 2022 March 31, 2023.

Interest expense on FHLB advances increased decreased to \$530,000 \$0 for the three months ended September 30, 2023. There were no advances outstanding March 31, 2024 from \$289,000 in the three months ended September 30, 2022. In recent periods, we have relied more heavily on FHLB March 31, 2023 as all advances to supplement deposits to fund loan growth and maintain liquidity, were paid off.

Interest expense on subordinated debentures increased \$26,400, \$521,000, or 5.0% 97.6%, to \$545,000 \$1.1 million for the three months ended September 30, 2023 March 31, 2024 compared to \$519,000 \$534,000 for the three months ended September 30, 2022. The average rate on subordinated debentures increased 25 basis points March 31, 2023. The increase was due primarily to 5.82% for the three months ended September 30, 2023 compared to 5.57% for write-off (increase in interest expense) of the three months ended September 30, 2022, due to increases remaining purchase accounting fair market value adjustment of \$566,000 upon the pay-off of \$3.0 million in market interest rates on the \$3.0 million adjustable-rate junior subordinated debt assumed in the Delmarva acquisition.

Interest expense increased \$4.1 million, or 163.1%, to \$6.6 million for the nine months ended September 30, 2023 compared to \$2.5 million for the nine months ended September 30, 2022, due to a \$2.7 million increase in interest expense on deposits as rates paid increased and depositors moved money into higher cost certificate of deposit accounts, and a \$1.3 million increase in the interest expense on advances from the FHLB that were used to fund loan growth and deposit outflow.

The increase in interest expense on deposits was due to a 73 basis point increase in the average rate, offset by a \$25.4 million decrease in the average balance of interest-bearing deposits to \$505.3 million at September 30, 2023 from \$530.6 million for the nine months ended September 30, 2022. The average rate on interest-bearing deposits was 0.98% for the nine months ended September 30, 2023 compared to 0.25% for the nine months ended September 30, 2022.

Interest expense on FHLB advances increased to \$1.3 million for the nine months ended September 30, 2023. There were no advances outstanding the nine months ended September 30, 2022. In recent periods, we have relied more heavily on FHLB advances to supplement deposits to fund loan growth and maintain liquidity.

Interest expense on subordinated debentures increased \$90,000, or 5.9%, to \$1.6 million for the nine months ended September 30, 2023 compared to \$1.5 million for the nine months ended September 30, 2022. The average rate on subordinated debentures increased 30 basis points to 5.84% for the nine months ended September 30, 2023 compared to 5.54% for the nine months ended September 30, 2022, due to increases in market interest rates on the \$3.0 million adjustable-rate subordinated debt assumed in the Delmarva prior acquisition.

**Net Interest Income.** Net interest income increased \$1.1 million, or 14.5%, to \$8.9 million was \$8.0 million for the three months ended September 30, 2023 from \$7.8 million March 31, 2024 compared to \$8.2 million in the three months ended March 31, 2023. The net interest margin for the three months ended September 30, 2022, as a result of a \$3.1 million increase in interest income, offset by a \$2.0 million increase in interest expense. Our interest rate spread decreased 39 basis points March 31, 2024 was 3.91% compared to 3.46% 4.34% for the three months ended September 30, 2023, compared to 3.85% for March 31, 2023. The 125 basis point increase in the three months ended September 30, 2022, while our net cost of interest-bearing liabilities offset the higher average balances and rates earned on loans and short-term investments. Included in interest margin expense is the above-mentioned write-off of the \$566,000 remaining fair market value adjustment on the pay-off the \$3.0 million junior subordinated debt. Additionally, the cost of interest-bearing deposits increased 10 by 109 basis points to 4.10% for 1.62% in the three months quarter ended September 30, 2023 March 31, 2024 compared to 4.00% for the three months quarter ended September 30, 2022. March 31, 2023.

Net interest income increased \$3.9 million, or 18.0%, to \$25.3 million for the nine months ended September 30, 2023 from \$21.4 million for the nine months ended September 30, 2022, as a result of a \$8.0 million increase in interest income, offset by a \$4.1 million increase in interest expense. Our interest rate spread increased 19 basis points to 3.77% for the nine months ended September 30, 2023, compared to 3.58% for the nine months ended September 30, 2022, while our net interest margin increased 47 basis points to 4.21% for the nine months ended September 30, 2023 compared to 3.73% for the nine months ended September 30, 2022.

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## **BV FINANCIAL, INC. AND SUBSIDIARIES**

### **Provision for Credit Losses.**

We recorded a recovery The provision for credit losses of \$333,000 was \$18,000 for the three months ended September 30, 2023 March 31, 2024 compared to a provision for loan credit losses of \$186,000 \$2,000 for the three months ended September 30, 2022 March 31, 2023. We recorded a recovery for credit losses of \$480,000 for the nine months ended September 30, 2023 compared to a The provision for loan losses of \$587,000 in the nine months ended September 30, 2022. Our allowance for current quarter consisted of a credit losses was \$8.2 million at September 30, 2023 compared to \$3.8 million at September 30, 2022. The ratio the ACL-loans of our allowance for \$133,000, a credit losses to total loans was 1.15% at September 30, 2023 compared to 0.50% at September 30, 2022, while the allowance for credit losses to non-performing loans was 213.5% at September 30, 2023 compared to 51.1% at September 30, 2022. ACL-HTM securities of \$1,000 and an increase in the ACL-Unfunded commitments of \$152,000. The Company had net recoveries on previously charged off loans of \$255,000 \$85,000 in the quarter ended September 30, 2023 March 31, 2024 as compared to net recoveries of \$49,000 \$37,000 in the quarter ended September 30, 2022 and net recoveries on previously charged off loans of \$421,000 in the nine months ended September 30, 2023 as compared to net recoveries of \$86,000 in the nine months ended September 30, 2022 March 31, 2023.

**Non-interest Income.** For the three months ended September 30, 2023 March 31, 2024, noninterest income totaled \$882,000 \$578,000 compared to \$682,000 \$807,000 in the quarter ended September 30, 2022 March 31, 2023. The decrease is almost entirely due to lower income on insurance policies. In the quarter ended September 30, 2023 March 31, 2023, the



Company recognized received a gain of \$188,000 \$235,000 death benefit on the sale of a former branch building. In the quarter ended September 30, 2022, the Company recognized a gain of \$45,000 on the sale of another former branch building. policies. For the nine months ended September 30, 2023, noninterest income totaled \$3.1 million compared to \$3.3 million for the nine months ended September 30, 2022. In the nine months ended September 30, 2023, the Company recognized a gain of \$678,000 on the sale of other real estate owned, \$235,000 in excess life insurance proceeds and a \$188,000 gain on the sale of a closed branch office. In the nine months ended September 30, 2022, the Company recognized a \$694,000 gain on bargain purchase from the acquisition of North Arundel Savings Bank and \$620,000 in prepayment penalties on loans.

**Non-interest Expense.** For the three months ended September 30, 2023 March 31, 2024, noninterest expense totaled \$5.0 million \$4.9 million compared to \$4.6 million \$4.7 million for the three months ended September 30, 2022 March 31, 2023. Compensation and benefits expenses increased by 18.1% 8.7% due to increases in staffing and salary levels. Occupancy, professional Other expenses increased \$116,000 or 22.7% primarily due to higher fraud losses. Professional fees FDIC insurance premiums and other decreased by \$88,000 or 44.0% due to the recovery of previously expensed legal fees of \$109,000 on the disposition of a problem loan. Foreclosed real estate expenses also increased. Expenses for holding decreased by \$122,000 or 96.1% due to the sale of large foreclosed real estate decreased \$325,000 as a result of a property sale. For the nine months ended September 30, 2023, noninterest expense totaled \$14.3 million as compared to \$13.6 million for the nine months ended September 30, 2023. Increases properties in compensation and benefits, and professional fees were partially offset by lower other expenses. 2023.

**Income Tax Expense.** We recognized income tax expense of \$1.4 million and \$1.0 million for For the three months ended September 30, 2023 and 2022, respectively, resulting in March 31, 2024, income tax expense was \$1.0 million for an effective rates tax rate of 27.5% and 28.7% 28.5%. In the nine months quarter ended September 30, 2023 and 2022, we recognized March 31, 2023, income tax expense of \$3.9 million and \$2.8 million, resulting in was \$1.2 million for an effective tax rates rate of 26.7% and 26.3%, respectively. Income 27.65%. The lower tax expense increased as rate in the quarter ended March 31, 2023 was due to a result higher level of the increase income from life insurance in our net income before taxes. that quarter.

## Liquidity and Capital Resources

**Liquidity.** Liquidity describes our ability to meet the financial obligations that arise in the ordinary course of business. Liquidity is primarily needed to meet the borrowing and deposit withdrawal requirements of our customers and to fund current and planned expenditures. Our primary sources of funds are deposits, principal and interest payments on loans and securities and proceeds from maturities of securities. We also have the ability to borrow from the FHLB of Atlanta. At September 30, 2023 March 31, 2024, we had \$178.5 million \$169.1 million available under a line of credit with the FHLB of Atlanta, and had \$37.5 million \$25.0 million of FHLB advances outstanding as of September 30, 2023. In addition, at September 30, 2023, the Bank had \$40.0 million in unfunded letters of credit used to secure municipal deposits outstanding against the line of credit with the FHLB of Atlanta. This resulted in additional borrowing availability from the FHLB of \$100.9 million \$144.1 million. The Company also has a short term unsecured facility from a correspondent bank in the amount of \$20.0 million. We also have the ability to participate in the Federal Reserve's Bank Term Funding Program as needed.

While maturities and scheduled amortization of loans and securities are predictable sources of funds, deposit flows and loan prepayments are greatly influenced by general interest rates, economic conditions, and competition. Our most liquid assets are



cash and short-term investments including interest-bearing demand deposits. The levels of these assets are dependent on our operating, financing, lending, and investing activities during any given period. Our cash flows are comprised of three primary

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#### **BV FINANCIAL, INC. AND SUBSIDIARIES**

classifications: cash flows from operating activities, investing activities, and financing activities. Net cash provided by operating activities was \$11.7 million for the nine months ended September 30, 2023. Net cash used in investing activities, which consists primarily of investments in loans and securities, was \$40.1 million for the nine months ended September 30, 2023. Net cash provided by financing activities, consisting primarily of the sale of common shares, changes in deposits and advances from the FHLB, was \$75.1 million for the nine months ended September 30, 2023. We are committed to maintaining a strong liquidity position.

The decrease in deposits in the year to date period was due to customers moving excess cash to other investments and seeking out higher yields. In many, but not all cases, the Company is matching competitive rates to retain existing deposits. We monitor our liquidity position on a daily basis. We anticipate that we will have sufficient funds to meet our current funding commitments. Based on our deposit retention experience and current pricing strategy, we anticipate that a significant portion of maturing time deposits will be retained. However, if a substantial portion of these deposits is not retained, we may utilize FHLB advances, brokered deposits or raise interest rates on deposits to attract new accounts, which may result in higher levels of interest expense. At September 30, 2023, March 31, 2024 and March 31, 2023, the Company had no brokered deposits. At June 30, 2023, the Company had \$10.0 million, \$10 million and \$0 in brokered deposits, respectively. The Bank's uninsured deposits totaled \$200.2 million, \$190.1 million or 28.91%, 27.9% of total deposits of which \$70.1 million, \$57.2 million were secured using the market value of pledged collateral or letters of credit issued by FHLB, and an additional \$44.9 million, \$42.5 million were deposits of BV Financial, Inc. at the Bank.

**Capital Resources.** At September 30, 2023, March 31, 2024, the Bank exceeded all of its regulatory capital requirements and was categorized as well capitalized. Management is not aware of any conditions or events since the most recent notification that would change our category.

#### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

Not applicable, as the Company is a smaller reporting company.

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#### **BV FINANCIAL, INC. AND SUBSIDIARIES**

#### **Item 4. Controls and Procedures**

An evaluation was performed under the supervision and with the participation of the Company's management, including the Co-Chief Executive Officers and the Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) promulgated under the Securities and Exchange Act of 1934, as

amended) as of September 30, 2023 March 31, 2024. Based on that evaluation, the Company's management, including the Co-Chief Executive Officers and the Chief Financial Officer, concluded that the Registrant's disclosure controls and procedures were effective.

During the quarter ended September 30, 2023 March 31, 2024, there have been no changes in the Company's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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**BV FINANCIAL, INC. AND SUBSIDIARIES**

**Part II – Other Information**

**Item 1. Legal Proceedings**

The Company is subject to various legal actions arising in the normal course of business. In the opinion of management, the resolution of these legal actions is not expected to have a material adverse effect on the Company's financial condition or results of operations.

**Item 1A. Risk Factors**

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the risk factors discussed under the heading "Risk Factors" contained in the Prospectus. The Company's evaluation of the risk factors applicable to it has not changed materially from those disclosed in the Prospectus.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

Not applicable.

**Item 3. Defaults Upon Senior Securities**

Not applicable.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

Not applicable.

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**BV FINANCIAL, INC. AND SUBSIDIARIES**

**Item 6. Exhibits**

- 3.1 [Amended and Restated Articles of Incorporation of BV Financial, Inc.](#) (1)
- 3.2 [Amended and Restated Bylaws of BV Financial Bancorp, Inc.](#) (2)
- 31.1 [Certification of Co- Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)
31. [Certification of Co- Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)
- 1 [Certification of Co- Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)
- 31.2
- 31.3 [Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)
- 32 [Certification of Co-Chief Executive Officers and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)
- 101 The following materials for the quarter ended **September 30, 2023** **March 31, 2024**, formatted in Inline XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Income, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Changes in Stockholders' Equity, (v) Consolidated Statements of Cash Flows, and (vi) Notes to Consolidated Financial Statements
- 104 Cover Page Interactive Data File (embedded within the Inline XBRL document and included in Exhibit 101)
- (1) Incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form 8-A (Commission File No. 00 41764), filed on July 31, 2023.
- (2) Incorporated by reference to Exhibit 3.2 to the Company's Registration Statement on Form S-1, as amended (Commission File No. 333-270496), filed on March 13, 2023.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

### **BV FINANCIAL, INC.**

Date: November 13, 2023 May 13, 2024

/s/ Timothy L. Prindle

Timothy L. Prindle

Co-President and Chief Executive Officer

Date: November 13, 2023 May 13, 2024

/s/ David M. Flair

David M. Flair

Co-President and Chief Executive Officer

Date: November 13, 2023 May 13, 2024

/s/ Michael J. Dee

Michael J. Dee

Executive Vice President and Chief Financial Officer

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### **Exhibit 31.1**

#### **Certification of Chief Co-Chief Executive Officer**

#### **Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, David M. Flair, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of BV Financial, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

**C1.** I have reviewed this Quarterly Report on Form 10-Q of BV Financial, Inc.;

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2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant is made known to me by others within the entity, particularly during the period in which this report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 13, 2024

/s/ David M. Flair

David M. Flair

Co-President and Chief Executive Officer

**Certification of Co-Chief Executive Officer**  
**Pursuant to**  
**Section 302 of the Sarbanes-Oxley Act of 2002**

I, Timothy L. Prindle, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of BV Financial, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the

- registrant's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

1. I have reviewed this Quarterly Report on Form 10-Q of BV Financial, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

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3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

- a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant is made known to me by others within the entity, particularly during the period in which this report is being prepared;
- b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.



control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 13, 2024

/s/ Timothy L. Prindle

Timothy L. Prindle

Co-President and Chief Executive Officer

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**Exhibit 31.3**

**Certification of Chief Financial Officer**

**Pursuant to**

**Section 302 of the Sarbanes-Oxley Act of 2002**

I, Michael J. Dee, certify that:

- 1. I have reviewed this Quarterly Report on Form 10-Q of BV Financial, Inc.;
- 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and

procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

- b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

L1. I have reviewed this Quarterly Report on Form 10-Q of BV Financial, Inc.;

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2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
- a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant is made known to me by others within the entity, particularly during the period in which this report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 13, 2024

/s/ Michael J. Dee

Michael J. Dee

Executive Vice President and Chief Financial Officer

Exhibit 32

**Certification of Co-Chief Executive Officers and Chief Financial Officer**

**Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

David M. Flair, Co-President and Chief Executive Officer of BV Financial, Inc. (the "Company"), Timothy L. Prindle, Co-President and Chief Executive Officer of the Company, and Michael J. Dee, Executive Vice President and Chief Financial Officer of the Company, each certify in their capacity as an officer of the Company that they have reviewed the Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024 (the "Report") and that, to the best of their knowledge:

1. The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 13, 2024  
November 13,  
2023

/s/ David M. Flair

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David M. Flair  
Co-President and Chief Executive Officer

Date: May 13, 2024  
November 13,  
2023

/s/ Timothy L. Prindle

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Timothy L. Prindle  
Co-President and Chief Executive Officer

Date: May 13, 2024  
November 13,  
2023

/s/ Michael J. Dee

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Michael J. Dee  
Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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