REFINITIV

# DELTA REPORT

## 10-Q

KFFB - KENTUCKY FIRST FEDERAL BA

10-Q - DECEMBER 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2024

The following comparison report has been automatically generated

| TOTAL DELTAS | 538 |
|---|---|
| CHANGES | 177 |
| DELETIONS | 155 |
| ADDITIONS | 206 |

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)
☒ QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, December 31, 2024

OR

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from ____________ to _______________

Commission File Number: 0-51176

KENTUCKY FIRST FEDERAL BANCORP
(Exact name of registrant as specified in its charter)

| United States of America | 61-1484858 |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

655 Main Street, Hazard, Kentucky 41702
(Address of principal executive offices)(Zip Code)

(502) 223-1638
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

| **Title of each class** | **Trading symbol(s)** | **Name of each exchange on which registered** |
|---|---|---|
| Common Stock, $0.01 par value per share | KFFB | 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 ☐

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 (Section 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, smaller reporting company or an emerging growth company. See the definition of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer | ☐ | Accelerated filer | ☐ |
| Non-Accelerated filer | ☒ | Smaller Reporting Company | ☒ |
| | | Emerging Growth Company | ☐ |

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 ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: At November 8, 2024 February 14, 2025, the latest practicable date, the Corporation had 8,086,715 shares of $.01 par value common stock outstanding (including 4,727,938 shares held by First Federal MHC).

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PART I – FINANCIAL INFORMATION

**ITEM 1: Financial Statements**

Kentucky First Federal Bancorp
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

| | September 30, 2024 | June 30, 2024 | December 31, 2024 | June 30, 2024 |
|---|---|---|---|---|
| | Unaudited | | Unaudited | |
| **ASSETS** | | | | |
| Cash and due from financial institutions | $ 2,876 | $ 1,913 | $ 4,744 | $ 1,913 |
| Fed funds sold | 720 | 703 | 6,928 | 703 |
| Interest-bearing demand deposits | 13,673 | 15,671 | 9,304 | 15,671 |
| Cash and cash equivalents | 17,269 | 18,287 | 20,976 | 18,287 |
| Securities available-for-sale- at fair value | 9,416 | 9,648 | 8,628 | 9,648 |
| Securities held-to-maturity, at amortized cost-approximate fair value of $195 and $203 at September 30, 2024 and June 30, 2024, respectively | 199 | 213 | | |
| Securities held-to-maturity, at amortized cost-approximate fair value of $180 and $203 at December 31, 2024 and June 30, 2024, respectively | | | 190 | 213 |
| Loans held for sale | 1,502 | 110 | 116 | 110 |
| Loans, net of allowance for credit losses of $2,141 and $2,127 at September 30, 2024 and June 30, 2024, respectively | 333,175 | 333,025 | | |
| Loans, net of allowance for credit losses of $2,141 and $2,127 at December 31, 2024 and June 30, 2024, respectively | | | 330,234 | 333,025 |
| Real estate acquired through foreclosure | 10 | 10 | 10 | 10 |
| Office premises and equipment - at depreciated cost | 4,216 | 4,267 | 4,247 | 4,267 |
| Federal Home Loan Bank stock - at cost | 4,439 | 4,230 | 4,439 | 4,230 |
| Accrued interest receivable | 1,277 | 1,169 | 1,264 | 1,169 |
| Bank-owned life insurance | 2,936 | 2,915 | 2,958 | 2,915 |
| Goodwill | - | - | | |
| Prepaid income taxes | 194 | 219 | 204 | 219 |
| Prepaid expenses and other assets | 1,017 | 875 | 942 | 875 |
| Total assets | $ 375,650 | $ 374,968 | $ 374,208 | $ 374,968 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | | |
| Savings | $ 47,269 | $ 47,390 | $ 49,004 | $ 47,390 |
| Certificates of deposit | 176,222 | 176,572 | 186,920 | 176,572 |
| Demand deposit accounts | 31,424 | 32,177 | 27,131 | 32,177 |
| Deposits | 254,915 | 256,139 | 263,055 | 256,139 |
| Federal Home Loan Bank advances | 70,055 | 68,988 | 61,792 | 68,988 |
| Advances by borrowers for taxes and insurance | 1,242 | 909 | 206 | 909 |
| Accrued interest payable | 242 | 176 | 478 | 176 |
| Deferred income taxes | 166 | 113 | 108 | 113 |
| Other liabilities | 807 | 646 | 514 | 646 |
| Total liabilities | 327,427 | 326,971 | 326,153 | 326,971 |
| Shareholders' equity | | | | |
| Preferred stock, 500,000 shares authorized, $.01 par value; no shares issued | - | - | - | - |
| Common stock, 20,000,000 shares authorized, $.01 par value; 8,596,064 shares issued | 86 | 86 | 86 | 86 |
| Additional paid-in capital | 34,891 | 34,891 | 34,891 | 34,891 |
| Retained earnings - restricted | 17,310 | 17,325 | 17,323 | 17,325 |
| Treasury shares at cost, 509,349 common shares at September 30, 2024 and June 30, 2024, respectively | (3,969) | (3,969) | | |
| Treasury shares at cost, 509,349 common shares at December 31, 2024 and June 30, 2024, respectively | | | (3,969) | (3,969) |
| Accumulated other comprehensive loss | (95) | (336) | (276) | (336) |
| Total shareholders' equity | 48,223 | 47,997 | 48,055 | 47,997 |

| | | | | |
|---|---|---|---|---|
| Total liabilities and shareholders’ equity | $ 375,650 | $ 374,968 | $ 374,208 | $ 374,968 |

See accompanying notes to condensed consolidated financial statements.

Kentucky First Federal Bancorp
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(Dollars in thousands, except per share data)

| | Three months ended September 30, 2024 | Three months ended September 30, 2023 | Six months ended December 31, 2024 | Six months ended December 31, 2023 | Three months ended December 31, 2024 | Three months ended December 31, 2023 |
|---|---|---|---|---|---|---|
| Interest income | | | | | | |
| Loans, including fees | $ 4,265 | $ 3,459 | $ 8,702 | $ 7,087 | $ 4,437 | $ 3,628 |
| Mortgage-backed securities | 81 | 99 | 157 | 191 | 76 | 92 |
| Interest-bearing deposits and other | 274 | 176 | 544 | 383 | 271 | 207 |
| Total interest income | 4,620 | 3,734 | 9,403 | 7,661 | 4,784 | 3,927 |
| Interest expense | | | | | | |
| Interest-bearing demand deposits | 9 | 8 | 18 | 16 | 9 | 8 |
| Savings | 50 | 57 | 100 | 112 | 50 | 55 |
| Certificates of deposit | 1,876 | 1,151 | | | | |
| Certificates of Deposit | | | 3,812 | 2,595 | 1,936 | 1,445 |
| Deposits | 1,935 | 1,216 | 3,930 | 2,723 | 1,995 | 1,508 |
| Borrowings | 815 | 848 | 1,566 | 1,610 | 751 | 762 |
| Total interest expense | 2,750 | 2,064 | 5,496 | 4,333 | 2,746 | 2,270 |
| Net interest income | 1,870 | 1,670 | 3,907 | 3,328 | 2,038 | 1,657 |
| Provision for credit losses | 15 | 6 | 15 | 15 | - | 9 |
| Net interest income after provision for credit losses | 1,855 | 1,664 | 3,892 | 3,313 | 2,038 | 1,648 |
| Non-interest income | | | | | | |
| Earnings on bank-owned life insurance | 22 | 21 | 43 | 42 | 22 | 21 |
| Net gain (loss) on sales of loans | 60 | (1) | | | | |
| Net gain on sale of other real estate owned | - | - | | | | |
| Net gain on sale of real estate owned | - | 4 | | | | |
| Net gain on sales of loans | | | 141 | 6 | 81 | 7 |
| Net gain on sales of real estate owned | | | 5 | 4 | 5 | - |
| Other | 55 | 50 | 119 | 69 | 63 | 18 |
| Total non-interest income | 137 | 74 | 308 | 121 | 171 | 46 |
| Non-interest expense | | | | | | |
| Employee compensation and benefits | 1,186 | 1,242 | 2,396 | 2,515 | 1,211 | 1,273 |
| Data processing | 164 | 133 | 271 | 280 | 107 | 147 |
| Occupancy and equipment | 137 | 142 | 273 | 289 | 136 | 147 |
| FDIC insurance premiums | 63 | 35 | 138 | 107 | 75 | 72 |
| Voice and data communications | 34 | 38 | 66 | 57 | 32 | 19 |
| Advertising | 42 | 39 | 91 | 88 | 49 | 49 |
| Outside service fees | 70 | 78 | 225 | 213 | 155 | 135 |
| Auditing and accounting | 80 | 65 | 167 | 172 | 86 | 107 |
| Regulatory assessments | 23 | 17 | 46 | 32 | 23 | 15 |
| Foreclosure and real estate owned expenses (net) | 21 | 23 | 41 | 43 | 19 | 20 |
| Franchise and other taxes | 28 | 33 | 70 | 53 | 42 | 20 |
| Other | 165 | 137 | 431 | 283 | 268 | 145 |
| Total non-interest expense | 2,013 | 1,982 | 4,215 | 4,132 | 2,203 | 2,149 |
| Loss before income taxes | (21) | (244) | | | | |
| Income (loss) before income taxes | | | (15) | (698) | 6 | (455) |

| | | | | | | |
|---|---|---|---|---|---|---|
| Income tax benefit | (6) | (69) | | | | |
| Income tax (benefit) | | | (13) | (162) | (7) | (94) |
| NET LOSS | **$ (15)** | **$ (175)** | | | | |
| LOSS PER SHARE | | | | | | |
| NET INCOME (LOSS) | | | **$ (2)** | **$ (536)** | **$ 13** | **$ (361)** |
| EARNINGS PER SHARE | | | | | | |
| Basic and diluted | **$ (0.00)** | **$ (0.02)** | **$ (0.00)** | **$ (0.07)** | **$ 0** | **$ (0.05)** |
| DIVIDENDS PER SHARE | **$ 0.00** | **$ 0.10** | **$ 0.00** | **$ 0.10** | **$ 0.00** | **$ 0.10** |

See accompanying notes to condensed consolidated financial statements.

Kentucky First Federal Bancorp
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)
(In thousands)

| | Three months ended September 30, 2024 | Three months ended September 30, 2023 |
|---|---|---|
| Net loss | $ (15) | $ (175) |
| Other comprehensive income (losses), net of tax: | | |
| Unrealized gains (losses) on securities designated as available-for-sale, net of taxes (benefits) of $80 and $(46) during the respective periods | 241 | (138) |
| **Comprehensive income (loss)** | **$ 226** | **$ (313)** |

| | Six months ended December 31, 2024 | Six months ended December 31, 2023 | Three months ended December 31, 2024 | Three months ended December 31, 2023 |
|---|---|---|---|---|
| Net income (loss) | $ (2) | $ (536) | $ 13 | $ (361) |
| Other comprehensive income (loss), net of tax: | | | | |
| Unrealized holding gains (losses) on securities designated as available-for-sale, net of taxes of $20, $31, $(60) and $77 during the respective periods | 60 | 93 | (181) | 231 |
| **Comprehensive income (loss)** | **$ 58** | **$ (443)** | **$ (168)** | **$ (130)** |

See accompanying notes to condensed consolidated financial statements.

Kentucky First Federal Bancorp
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the three six months ended
(Unaudited)
(Dollar amounts in thousands, except per share data)

September 30, December 31, 2024

| | Common stock | Additional paid-in capital | Retained earnings | Treasury shares | Accumulated other comprehensive income (loss) | Total |
|---|---|---|---|---|---|---|
| Balance at June 30, 2023 | $ 86 | $ 34,891 | $ 17,325 | $ (3,969) | $ (336) | $ 47,997 |
| Net loss | – | – | (15) | – | – | (15) |
| Other comprehensive income | – | – | – | – | 241 | 241 |
| Balance at September 30, 2024 | **$ 86** | **$ 34,891** | **$ 17,310** | **$ (3,969)** | **$ (95)** | **$ 48,223** |

| | Common stock | Additional paid-in capital | Retained earnings | Treasury shares | Accumulated other comprehensive income (loss) | Total |
|---|---|---|---|---|---|---|
| Balance at June 30, 2024 | $ 86 | $ 34,891 | $ 17,325 | $ (3,969) | $ (336) | $ 47,997 |
| Net income (loss) | – | – | (2) | – | – | (2) |
| Other comprehensive income | – | – | – | – | 60 | 60 |
| Balance at December 31, 2024 | **$ 86** | **$ 34,891** | **$ 17,323** | **$ (3,969)** | **$ (276)** | **$ 48,055** |

September 30, December 31, 2023

| | Common stock | Additional paid-in capital | Retained earnings | Treasury shares | Accumulated other comprehensive income (loss) | Total |
|---|---|---|---|---|---|---|
| Balance at June 30, 2023 | $ 86 | $ 34,891 | $ 20,130 | $ (3,969) | $ (427) | $ 50,711 |
| Cumulative impact of adoption of ASC 326 | – | – | (414) | – | – | (414) |
| Balance at July 1, 2023 | 86 | 34,891 | 19,716 | (3,969) | (427) | 50,297 |
| Net loss | – | – | (175) | – | – | (175) |
| Other comprehensive loss | – | – | | – | (138) | (138) |
| Cash dividends of $0.10 per common share | – | – | (335) | – | – | (335) |
| Balance at September 30, 2023 | **$ 86** | **$ 34,891** | **$ 19,206** | **$ (3,969)** | **$ (565)** | **$ 49,649** |

| | Common stock | Additional paid-in capital | Retained earnings | Treasury shares | Accumulated other comprehensive income (loss) | Total |
|---|---|---|---|---|---|---|
| Balance at June 30, 2023 | $ 86 | $ 34,891 | $ 20,130 | $ (3,969) | $ (427) | $ 50,711 |
| Cumulative impact of adoption of ASC 326 | – | – | (414) | – | – | (414) |
| Balance at July 1, 2023 | 86 | 34,891 | 19,716 | (3,969) | (427) | 50,297 |
| Net income (loss) | – | – | (536) | – | – | (536) |
| Other comprehensive income | – | – | – | – | 93 | 93 |
| Cash dividends of $0.20 per common share | – | – | (671) | – | – | (671) |
| Balance at December 31, 2023 | **$ 86** | **$ 34,891** | **$ 18,509** | **$ (3,969)** | **$ (334)** | **$ 49,183** |

See accompanying notes to condensed consolidated financial statements.

Kentucky First Federal Bancorp
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the three months ended
(Dollar amounts in thousands, except per share data)

December 31, 2024

| | Common stock | Additional paid-in capital | Retained earnings | Treasury shares | Accumulated other comprehensive income (loss) | Total |
|---|---|---|---|---|---|---|
| Balance at September 30, 2024 | $ 86 | $ 34,891 | $ 17,310 | $ (3,969) | $ (95) | $ 48,223 |
| Net income (loss) | – | – | 13 | – | – | 13 |
| Other comprehensive income (loss) | – | – | – | – | (181) | (181) |
| **Balance at December 31, 2024** | **$ 86** | **$ 34,891** | **$ 17,323** | **$ (3,969)** | **$ (276)** | **$ 48,055** |

December 31, 2023

| | Common stock | Additional paid-in capital | Retained earnings | Treasury shares | Accumulated other comprehensive income | Total |
|---|---|---|---|---|---|---|
| Balance at September 30, 2023 | $ 86 | $ 34,891 | $ 19,206 | $ (3,969) | $ (565) | $ 49,649 |
| Net income (loss) | – | – | (361) | – | – | (361) |
| Other comprehensive income (loss) | | | | | 231 | 231 |
| Cash dividends of $0.10 per common share | – | – | (336) | – | – | (336) |
| **Balance at December 31, 2023** | **$ 86** | **$ 34,891** | **$ 18,509** | **$ (3,969)** | **$ (334)** | **$ 49,183** |

See accompanying notes to condensed consolidated financial statements.

Kentucky First Federal Bancorp
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

| | Three months ended September 30, 2024 | Three months ended September 30, 2023 | Six months ended December 31, 2024 | Six months ended December 31, 2023 |
|---|---|---|---|---|
| Cash flows from operating activities: | | | | |
| Net loss | $ (15) | $ (175) | $ (2) | $ (536) |
| Adjustments to reconcile net loss to net cash from operating activities | | | | |
| Depreciation | 53 | 59 | 103 | 119 |
| Accretion of purchased loan credit discount | (9) | (11) | – | (11) |
| Amortization of deferred loan origination costs (fees) | (6) | (3) | | |
| Amortization of deferred loan origination costs (fees), net | | | (13) | 1 |
| Amortization of premiums on investment securities | (5) | (5) | (10) | (11) |
| Net (gain) loss on sale of loans | (60) | 1 | | |
| Net gain on sale of loans | | | (141) | (6) |
| Net (gain) loss on sale of real estate owned | - | (4) | – | (4) |
| Earnings on bank-owned life insurance | (22) | (21) | (43) | (42) |
| Provision for credit losses | 15 | 6 | 15 | 15 |
| Origination of loans held for sale | (2,813) | (512) | (3,656) | (782) |
| Proceeds from loans held for sale | 1,481 | 231 | 3,791 | 518 |
| Deferred income taxes | (27) | (91) | | |
| Deferred Income Taxes | | | 30 | (192) |
| Increase (decrease) in cash, due to changes in: | | | | |
| Accrued interest receivable | (108) | (101) | (95) | (176) |
| Prepaid expenses and other assets | (117) | (119) | (52) | (195) |
| Accrued interest payable | 66 | 94 | 302 | 97 |
| Other liabilities | 160 | 81 | (189) | 113 |
| Net cash used in operating activities | (1,407) | (570) | | |
| Net cash provided by (used in) operating activities | | | 40 | (1,092) |
| Cash flows from investing activities: | | | | |
| Securities maturities, prepayments and calls: | | | | |
| Held to maturity | 13 | 16 | 22 | 37 |
| Available for sale | 559 | 674 | 1,111 | 1,301 |
| Proceeds from sale of FHLB stock | | | 133 | 532 |
| Purchase of FHLB stock | (342) | - | (342) | (152) |
| Proceeds from redemption of FHLB stock | 133 | 592 | | |
| Loans originated for investment, net of principal collected | (148) | (4,870) | 2,791 | (12,338) |
| Proceeds from sale of real estate owned | - | 64 | – | 64 |
| Additions to premises and equipment, net | (2) | (21) | (83) | (45) |
| Net cash provided by (used in) investing activities | 213 | (3,545) | 3,632 | (10,601) |
| Cash flows from financing activities: | | | | |
| Net increase (decrease) in deposits | (1,224) | 26,050 | | |
| Net increase in deposits | | | 6,916 | 18,320 |
| Payments by borrowers for taxes and insurance, net | 333 | 330 | (703) | (459) |
| Proceeds from Federal Home Loan Bank advances | 11,750 | 16,100 | 14,446 | 48,800 |
| Repayments on Federal Home Loan Bank advances | (10,683) | (33,611) | (21,642) | (47,879) |
| Dividends paid on common stock | - | (335) | – | (671) |
| Net cash provided by financing activities | 176 | 8,534 | | |

| | | | | |
|---|---|---|---|---|
| Net cash provided by (used in) financing activities | | | (983) | 18,111 |
| Net increase (decrease) in cash and cash equivalents | (1,018) | 4,419 | | |
| Net increase in cash and cash equivalents | | | 2,689 | 6,418 |
| Beginning cash and cash equivalents | 18,287 | 8,167 | 18,287 | 8,167 |
| Ending cash and cash equivalents | $ 17,269 | $ 12,586 | **$ 20,976** | **$ 14,584** |

See accompanying notes to condensed consolidated financial statements.

Kentucky First Federal Bancorp
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(Unaudited)
(In thousands)

| | Three months ended September 30, | | Six months ended December 31, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Supplemental disclosure of cash flow information: | | | | |
| Cash paid during the period for: | | | | |
| Income taxes | $ - | $ 125 | $ - | $ 125 |
| Interest on deposits and borrowings | $ 2,684 | $ 1,970 | $ 5,194 | $ 4,236 |

See accompanying notes to condensed consolidated financial statements.

Kentucky First Federal Bancorp
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, December 31, 2024
(unaudited)

The Kentucky First Federal Bancorp ("Kentucky First" or the "Company") was incorporated under federal law in March 2005 and is the mid-tier holding company for First Federal Savings and Loan Association of Hazard, Hazard, Kentucky ("First Federal of Hazard") and Frankfort First Bancorp, Inc. ("Frankfort First"). Frankfort First is the holding company for First Federal Savings Bank of Kentucky, Frankfort, Kentucky ("First Federal of Kentucky"). First Federal of Hazard and First Federal of Kentucky (hereinafter collectively the "Banks") are Kentucky First's primary operations, which consist of operating the Banks as two independent, community-oriented savings institutions.

In December 2012, the Company acquired CKF Bancorp, Inc., a savings and loan holding company which operated three banking locations in Boyle and Garrard Counties in Kentucky. In accounting for the transaction, the assets and liabilities of CKF Bancorp were recorded on the books of First Federal of Kentucky in accordance with accounting standard ASC 805, Business Combinations.

Note 1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements, which represent the condensed consolidated balance sheets and results of operations of the Company, were prepared in accordance with the instructions for Form 10-Q and, therefore, do not include information or footnotes necessary for a complete presentation of financial position, results of operations and cash flows in conformity with U.S. generally accepted accounting principles. However, in the opinion of management, all adjustments (consisting of only normal recurring adjustments) which are necessary for a fair presentation of the condensed consolidated financial statements have been included. The results of operations for the three-month six-month period ended September 30, 2024 December 31, 2024, are not necessarily indicative of the results which may be expected for an entire fiscal year. The condensed consolidated balance sheet as of June 30, 2024, has been derived from the audited consolidated balance sheet as of that date. Certain information and note disclosures normally included in the Company's annual financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Form 10-K annual report for 2024 filed with the Securities and Exchange Commission.

**Principles of Consolidation** - The consolidated financial statements include the accounts of the Company, Frankfort First, and its wholly-owned banking subsidiaries, First Federal of Hazard and First Federal of Kentucky (collectively hereinafter "the Banks"). All intercompany transactions and balances have been eliminated in consolidation. The Company is a majority-owned subsidiary of First Federal MHC. The accounts of First Federal MHC are not consolidated in the accompanying consolidated financial statements of the Company.

**Critical Accounting Policies and Estimates**

**Investments –** Management determines the classification of debt securities at purchase as held-to-maturity, trading, or available-for-sale. Held-to-maturity securities are those we have both the intent and ability to hold to maturity and are reported at amortized cost. Securities that are not considered held-to-maturity are considered either trading or available-for-sale securities in accordance with Financial Accounting Standards Board Accounting Standards Codification ("ASC") 320, *Investments – Debt Securities*, and are reported at fair value in the statement of financial position. We have no trading securities. The adjustment to fair value for available-for-sale securities for unrealized gains and losses is included as a separate component of shareholders' equity, net of tax.

**Loans –** Loans for which we have the ability and intent to hold until maturity and/or payoff are reported at the carrying value of the unpaid principal reduced by unearned interest, an allowance for credit losses and unamortized deferred fees and costs and premiums. Interest income is accrued on a level yield basis. In circumstances where management believes that collection of interest income is uncollectible on specific loans, after considering economic and business conditions, collateral value and collection efforts, interest accrual is discontinued. Interest income may be recognized on the cash basis when received unless a determination has been made by management to apply all of the payment against principal.

Note 1. Basis of Presentation (continued)

**Critical Accounting Policies and Estimates** (continued)

**Allowance for Credit Losses –** We account for the allowance for credit losses under ASC 326, Measurement of Credit Losses on Financial Instruments, which is commonly known as CECL. We measure expected credit losses of financial assets on a weighted average remaining maturity (WARM) basis.

We maintain an allowance for credit losses ("ACL") at a level that is appropriate to cover estimated credit losses on individually evaluated loans, as well as estimated credit losses inherent in the estimated life of the loan portfolio. Credit losses are charged to and recoveries are credited to the ACL.

Loans with similar risk characteristics are evaluated on a collective basis within homogeneous loan pools under ASC 326. Our homogeneous loan pools are primarily determined by loan purpose and collateral type. Pools include residential real estate (composed of one-to four-family, one-to-four-family, multi-family, and construction), land, farm, nonresidential real estate, commercial and industrial, and consumer loans (composed of Loans on deposit, home equity, automobile, and unsecured). Credits that are nonaccrual status are subject to individual evaluation.

Historical loss rates for loans are adjusted for significant factors that, in management's judgment, reflect the impact of any current conditions on loss recognition. Qualitative factors used to derive our ACL include delinquency trends, current economic conditions and trends, strength of supervision and administration of the loan portfolio, levels of underperforming loans, trends in loan losses and underwriting exceptions. Reasonable and supportable economic forecasts that may offset collectibility are also included as factors in our ACL model. Management continually reevaluates the other subjective factors included in its ACL analysis.

**Income Taxes –** Income tax expense is based on the taxes due on the consolidated tax return plus deferred taxes on the expected future tax benefits and consequences of temporary differences between carrying amounts and tax bases of assets and liabilities, using enacted tax rates.

**New Accounting Standards**

***FASB ASC 326 -*** In June 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. This standard requires credit losses on most financial assets and certain other instruments to be measured using an expected loss model, which is referred to as the current expected credit loss (CECL) model. Under this model entities estimate credit losses over the entire contractual term of the instrument (considering estimated prepayments, but not expected extensions or modifications) from the date of initial recognition of that instrument. The ASU replaces the current accounting model for purchased credit impaired and debt securities. The allowance for credit losses for purchased financial assets with a more-than-insignificant amount of credit deterioration since origination (referred to as "PCD assets"), should be determined in a similar manner to other financial assets measured on an amortized cost basis. However, upon initial recognition, the allowance for credit losses is added to the purchase price to determine the initial amortized cost basis. The subsequent accounting for PCD financial assets is the same expected loss model described herein.

Note 1. Basis of Presentation (continued)

**New Accounting Standards** (continued)

The Company will now use forward-looking information to enhance its credit loss estimates. The amendment requires enhanced disclosures to aid investors and other users of financial statements to better understand significant estimates and judgments used in estimating credit losses, as well as the credit quality and underwriting standards of our portfolio. The largest impact to the Company was on its allowance for loan and lease losses, although the ASU also amends the accounting for credit losses on available-for-sale debt securities, held-to-maturity securities, and purchased financial assets with credit deterioration. ASU 2016-13 was applied through a cumulative effect adjustment to retained earnings (modified-retrospective approach).

In addition, ASC 326 made changes to the accounting for available-for-sale ("AFS") debt securities. One such change requires credit losses to be presented as an allowance rather than as a write-down on AFS securities. Management does not intend to sell or believes that it is more likely than not that they will be required to sell.

We adopted ASC 326 effective July 1, 2023, using the modified retrospective method for all financial assets measured at amortized cost and off-balance sheet ("OBS") credit exposures.

Upon adoption of the ASU we recorded an increase in the allowance for credit loss ("ACL") for loans which represented a $497,000 increase from the Allowance for Loan Losses ("ALLL") at June 30, 2023. This transaction further resulted in an increase of $54,000 to the ACL for unfunded commitments, a decrease of $414,000 to retained earnings and a deferred tax asset of $137,000. $137,000 at July 1, 2023.

A liability of $57,000 is in place at September 30, 2024 December 31, 2024 to account for off-balance sheet unfunded commitments compared to $54,000 $58,000 at September 30, 2023 December 31, 2023. Management considers contractual commitments, most of which are commitments to complete construction projects or the balance of unfunded lines of credit. These totaled approximately $23.6 million $24.2 million at September 30, 2024 December 31, 2024 and $26.1 million $24.6 million at September 30, 2023 December 31, 2023. To calculate the liability, management applied a loss criteria similar to that used for funded loans to calculate the ACL.

The following table illustrates the impact of ASC 326 at July 1, 2023:

| (Dollars in thousands) | As Reported Under ASC 326 | Pre-ASC 326 Adoption | Impact of ASC 326 Adoption |
|---|---|---|---|
| Assets: | | | |
| Loans | | | |
| Residential real estate: | | | |
| One- to four-family | $ 1,597 | $ 857 | $ 740 |
| Multi-family | 133 | 278 | (145) |
| Construction | 138 | 41 | 97 |
| Land | 15 | 1 | 14 |
| Farm | 6 | 4 | 2 |
| Nonresidential real estate | 184 | 405 | (221) |
| Commercial and industrial | 5 | 23 | (18) |
| Consumer and other: | | | - |
| Loans on deposits | - | 1 | (1) |
| Home equity | 51 | 23 | 28 |
| Automobile | 1 | - | 1 |
| Unsecured | 1 | 1 | - |
| Allowance for credit losses on loans | $ 2,131 | 1,634 | 497 |
| Liabilities: | | | |
| Allowance for credit losses on unfunded credit exposures | $ 54 | - | 54 |

| (Dollars in thousands) | As Reported Under ASC 326 | Pre-ASC 326 Adoption | Impact of ASC 326 Adoption |
|---|---|---|---|
| Assets: | | | |
| Loans | | | |
| Residential real estate: | | | |
| One-to-four-family | $ 1,597 | $ 857 | $ 740 |
| Multi-family | 133 | 278 | (145) |
| Construction | 138 | 41 | 97 |
| Land | 15 | 1 | 14 |

| | | | |
|---|---|---|---|
| Farm | 6 | 4 | 2 |
| Nonresidential real estate | 184 | 405 | (221) |
| Commercial and industrial | 5 | 23 | (18) |
| Consumer and other: | | | - |
| Loans on deposits | - | 1 | (1) |
| Home equity | 51 | 23 | 28 |
| Automobile | 1 | - | 1 |
| Unsecured | 1 | 1 | - |
| Allowance for credit losses on loans | $ 2,131 | 1,634 | 497 |
| Liabilities: | | | |
| Allowance for credit losses on unfunded credit exposures | $ 54 | - | 54 |

Note 1. Basis of Presentation (continued)

**New Accounting Standards** (continued)

ASU 2019-05, Financial Instruments-Credit Losses, Targeted Transition Relief, allows entities to irrevocably elect, upon adoption of ASU 2016-13, the fair value option on financial instruments that (1) were previously recorded at amortized cost and (2) are within the scope of ASC 326-20, if the instruments are eligible for the fair value option under ASC 825-10. The fair value option election does not apply to held-to-maturity debt securities. Entities are required to make this election on an instrument-by-instrument basis. ASU 2019-05 has the same effective date as ASU 2016-13. We adopted ASU 2019-05 on July 1, 2023, and did not elect the fair value option on any financial instruments.

ASU No. 2022-02, Financial Instruments – Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures, eliminates the accounting guidance for troubled debt restructurings ("TDRs") by creditors in Subtopic 310-40, Receivables-Troubled Debt Restructurings by Creditors, for entities that have adopted the current expected credit loss model introduced by ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. ASU 2022-02 also requires disclosure by public business entities of current-period gross write-offs by year of origination for financing receivables and net investments in leases within the scope of Subtopic 326-20, Financial Instruments-Credit Losses-Measured at Amortized Cost. The Company adopted the standard on July 1, 2023.

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies are not expected to have a material impact on the Company's financial position, results of operations or cash flows.

Note 2. Earnings Per Share

Diluted earnings per share is computed taking into consideration common shares outstanding and dilutive potential common shares to be issued or released under the Company's share-based compensation plans. The factors used in the basic and diluted earnings per share computations follow:

| | Three months ended September 30, | |
|---|---|---|
| | 2024 | 2023 |
| **Net loss allocated to common shareholders, basic and diluted** | $ (15,000) | $ (175,000) |
| **Loss per share, basic and diluted** | $ (0.00) | $ (0.02) |
| **Weighted average common shares outstanding, basic and diluted** | 8,086,715 | 8,086,715 |

| | Six months ended December 31, | | Three months ended December 31, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| **Net income (loss) allocated to common shareholders, basic and diluted** | $ (2) | $ (536) | $ 13 | $ (361) |
| **Earnings (loss) per share, basic and diluted** | $ (0.00) | $ (0.07) | $ 0.00 | $ (0.05) |
| **Weighted average common shares outstanding, basic and diluted** | 8,098,715 | 8,098,715 | 8,098,715 | 8,098,715 |

There were no stock option shares outstanding for the six- or three-month periods ended September 30, 2024 December 31, 2024 and 2023.

Note 3. Investment Securities

The following table summarizes the amortized cost and fair value of securities available-for-sale and securities held-to-maturity at September 30, 2024 December 31, 2024 and June 30, 2024, the corresponding amounts of gross unrealized gains recognized in accumulated other comprehensive income and gross unrecognized gains and losses:

| (in thousands) | September 30, 2024 Amortized cost | September 30, 2024 Gross unrealized gains | September 30, 2024 Gross unrealized losses | September 30, 2024 Estimated fair value | December 31, 2024 Amortized cost | December 31, 2024 Gross unrealized gains | December 31, 2024 Gross unrealized losses | December 31, 2024 Estimated fair value |
|---|---|---|---|---|---|---|---|---|
| **Available-for-sale Securities** | | | | | | | | |
| Agency mortgage-backed: residential | $ 9,543 | $ 17 | $ 144 | $ 9,416 | $ 8,996 | $ 1 | $ 369 | $ 8,628 |
| **Held-to-maturity Securities** | | | | | | | | |
| Agency mortgage-backed: residential | $ 199 | $ 1 | $ 5 | $ 195 | $ 190 | $ - | $ 10 | $ 180 |

| (in thousands) | June 30, 2024 Amortized cost | June 30, 2024 Gross unrealized gains | June 30, 2024 Gross unrealized (losses) | June 30, 2024 Estimated fair value | June 30, 2024 Amortized cost | June 30, 2024 Gross unrealized gains | June 30, 2024 Gross unrealized losses | June 30, 2024 Estimated fair value |
|---|---|---|---|---|---|---|---|---|
| **Available-for-sale Securities** | | | | | | | | |
| Agency mortgage-backed: residential | $ 10,096 | $ - | $ 448 | $ 9,648 | $ 10,096 | $ - | $ 448 | $ 9,648 |
| **Held-to-maturity Securities** | | | | | | | | |
| Agency mortgage-backed: residential | $ 213 | $ - | $ 10 | $ 203 | $ 213 | $ - | $ 10 | $ 203 |

At September 30, 2024 December 31, 2024 and June 30, 2024 the Company's debt securities consisted of mortgage-backed securities, which do not have a single maturity date. Actual maturities may differ from contractual maturities, because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

Our There were no pledged securities totaled $0 at for both September 30, 2024 December 31, 2024 and June 30, 2024. In addition, at both September 30, 2024 December 31, 2024 and June 30, 2024, there were no pledged overnight deposits totaled $0. deposits.

We evaluated securities in unrealized loss positions for evidence of credit loss, considering duration, severity, financial condition of the issuer, our intention to sell or requirement to sell. Those securities were agency mortgage-backed securities, which carry a very limited amount of risk. Also, we have no intention to sell nor feel that we will be compelled to sell such securities before maturity. Based on our evaluation, no reserve for credit loss was considered necessary. Debt securities in an unrealized loss position as a percent of total debt securities were 86.7% 99.9% and 100% at September 30, 2024 December 31, 2024 and June 30, 2024, respectively. The following table provides the amortized cost, gross unrealized losses, fair value, and length of time the individual securities have been in a continuous unrealized loss position as of September 30, 2024 December 31, 2024.

September 30, December 31, 2024

Available-for-Sale

| (in thousands) | Amortized Cost | Gross Unrealized losses | Fair Value | Amortized Cost | Gross Unrealized losses | Fair Value |
|---|---|---|---|---|---|---|
| **Less Than 12 Months** | | | | | | |
| Agency mortgage-backed securities | $ - | $ - | $ - | $ 1,153 | $ 32 | $ 1,121 |
| **12 Months or More** | | | | | | |
| Agency mortgage-backed securities | 8,304 | 144 | 8,160 | 7,833 | 337 | 7,496 |
| **Total temporarily impaired AFS securities** | **$ 8,304** | **$ 144** | **$ 8,160** | | | |
| **Total** | | | | **$ 8,986** | **$ 369** | **$ 8,617** |

Note 3. Investment Securities (continued)

Held to Maturity

| (in thousands) | Amortized Cost | Gross Unrealized (losses) | Fair Value | Amortized Cost | Gross Unrealized losses | Fair Value |
|---|---|---|---|---|---|---|
| **Less Than 12 Months** | | | | | | |
| Agency mortgage-backed securities | $ - | $ - | $ - | $ 65 | $ 1 | $ 64 |
| **12 Months or More** | | | | | | |
| Agency mortgage-backed securities | 132 | 5 | 127 | 125 | 9 | 116 |
| **Total temporarily impaired HTM securities** | **$ 132** | **$ 5** | **$ 127** | | | |
| **Total** | | | | **$ 190** | **$ 10** | **$ 180** |

June 30, 2024

Available-for-Sale

| (in thousands) | Amortized Cost | Gross Unrealized (losses) | Fair Value | Amortized Cost | Gross Unrealized losses | Fair Value |
|---|---|---|---|---|---|---|
| **Less Than 12 Months** | | | | | | |
| Agency mortgage-backed securities | $ 12,649 | $ 569 | $ 12,080 | $ 12,649 | $ 569 | $ 12,080 |
| **12 Months or More** | | | | | | |
| Agency mortgage-backed securities | - | - | - | - | - | - |
| **Total temporarily impaired AFS securities** | **$ 12,649** | **$ 569** | **$ 12,080** | | | |
| **Total** | | | | **$ 12,649** | **$ 569** | **$ 12,080** |

Held to Maturity

| (in thousands) | Amortized Cost | Gross Unrealized Losses | Fair Value | Amortized Cost | Gross Unrealized Losses | Fair Value |
|---|---|---|---|---|---|---|
| **Less Than 12 Months** | | | | | | |
| Agency mortgage-backed securities | $ - | $ - | $ - | $ - | $ - | $ - |
| **12 Months or More** | | | | | | |
| Agency mortgage-backed securities | 274 | 15 | 259 | 274 | 15 | 259 |
| **Total temporarily impaired HTM securities** | **$ 274** | **$ 15** | **$ 259** | | | |
| **Total** | | | | **$ 274** | **$ 15** | **$ 259** |

Note 4. Loans receivable

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at the principal amount outstanding, adjusted for deferred loan origination costs, net, discounts on purchased loans, and the allowance for credit losses. Interest income is accrued on the unpaid principal balance unless the collectability of the loan is in doubt. Loan origination fees, net of certain direct origination costs, are deferred and recognized in interest income using the level-yield method without anticipating prepayments. Interest income on one- to four-family one-to-four-family residential loans is generally discontinued at the time a loan is 180 days delinquent and on other loans at the time a loan is 90 days delinquent. All other loans are moved to non-accrual status in accordance with the Company's policy, typically 90 days after the loan becomes delinquent. Past due status is based on the contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful. Nonaccrual loans and loans past due 90 days still on accrual include both smaller balance homogeneous loans that are collectively evaluated for impairment and individually classified impaired loans.

Kentucky First Federal Bancorp
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
September 30, December 31, 2024
(unaudited)

Note 4. Loans receivable (continued)

All interest accrued but not received for loans placed on nonaccrual is reversed against interest income. Interest received on such loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

The composition of the loan portfolio was as follows:

| (in thousands) | September 30, 2024 | June 30, 2024 | December 31, 2024 | June 30, 2024 |
|---|---|---|---|---|
| Residential real estate | | | | |
| One- to four-family | $ 255,522 | $ 256,216 | | |
| Residential real estate: | | | | |
| One-to-four-family | | | $ 255,723 | $ 256,216 |
| Multi-family | 15,532 | 15,815 | 15,792 | 15,815 |
| Construction | 13,529 | 13,815 | 7,987 | 13,815 |
| Land | 1,128 | 964 | 1,420 | 964 |
| Farm | 1,578 | 1,169 | 3,283 | 1,169 |
| Nonresidential real estate | 34,408 | 34,308 | 32,508 | 34,308 |
| Commercial and industrial | 616 | 700 | 779 | 700 |
| Consumer and other: | | | | |
| Loans on deposits | 813 | 819 | 824 | 819 |
| Home equity | 11,398 | 10,644 | 13,194 | 10,644 |
| Automobile | 116 | 117 | 102 | 117 |
| Unsecured | 676 | 585 | 763 | 585 |
| | 335,316 | 335,152 | 332,375 | 335,152 |
| Allowance for credit losses | (2,141) | (2,127) | (2,141) | (2,127) |
| | **$ 333,175** | **$ 333,025** | **$ 330,234** | **$ 333,025** |

The amounts above include net deferred loan costs of $259,000 $221,000 and $288,000 as of September 30, 2024 December 31, 2024 and June 30, 2024, respectively.

Note 4. Loans receivable (continued)

The allowance for credit losses is a valuation allowance that is deducted from the loans' amortized cost basis to present the net amount expected to be collected for the loans. Loan losses are charged off against the allowance when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

Management estimates the allowance balance required using relevant available information, from internal and external sources, relating to past events, current conditions and reasonable and supportable forecasts. Historical credit loss experience, derived from the Company's data, provides the basis for estimation of expected credit losses, although management also compares the Company's data with peer group data. Adjustments to historical loss information may be made for differences in: lending policy, procedures and practice; economic conditions; the nature and volume of the loan portfolio; volume delinquent and problem loans; the current and anticipated economic conditions in the primary lending area; and other external factors. Allocations of the allowance may be made for specific loans, but the entire allowance is available for any loan that, in management's judgment, should be charged off.

Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are not included in the pool evaluation. When management determines that foreclosure is probable or when the borrower is experiencing financial difficulty at the reporting date and repayment is expected to be provided substantially through the sale of the collateral, the expected credit losses are based on the fair value of the collateral at the reporting date, less any discounts and selling costs.

Management monitors loan performance on a monthly basis and performs a quarterly evaluation of the adequacy of the ACL. The Banks begin enhanced monitoring of all loans rated 5-Watch or worse and obtain a new appraisal or asset valuation for most loans placed on nonaccrual status. New appraisals are usually not obtained on loans with outstanding principal amounts of $50,000 or less. Management, at its discretion, may determine that additional adjustments to the appraisal or valuation are required. Valuation adjustments will be made as necessary based on factors, including, but not limited to: the economy, deferred maintenance, industry, type of collateral, age of the appraisal, etc., and the knowledge Management has about a particular situation. In addition, the cost to sell or liquidate the collateral is also estimated and deducted from the valuation in order to determine the net realizable value to the Banks. When determining the ACL, certain factors involved in the evaluation are inherently subjective and require material estimates that may be susceptible to significant change, including the amounts and timing of future cash flows. Management monitors the adequacy of the ACL on an ongoing basis and reports its adequacy quarterly to the Board of Directors. Management believes the ACL at September 30, 2024 December 31, 2024 is adequate.

Note 4. Loans receivable (continued)

Expected credit losses are estimated over the contractual term of the loans, adjusted for expected prepayments, when appropriate. The contractual term excludes expected extensions, renewals, and modifications unless either of the following applies: management has a reasonable expectation at the reporting date that a modification will be executed with an individual borrower or the extension or renewal options are included in the original or modified contract at the reporting date and are not unconditionally cancellable by the Banks.

The Banks categorize loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, and current economic trends, among other factors. Management utilizes a risk rating scale ranging from 1-Highest Pass to 9-Loss to evaluate loan quality. Consumer purpose loans are identified as either performing or nonperforming based on the payment status of the loans. Nonperforming consumer loans are loans that are nonaccrual or 90 days or more past due and still accruing.

Our portfolio segments include residential real estate, nonresidential real estate, farm, land, commercial and industrial, and consumer and other loans. Risk factors associated with our portfolio segments are as follows:

Residential Real Estate

Our primary lending activity is the origination of mortgage loans, which enable a borrower to purchase or refinance existing homes in the Banks' respective market areas. We further classify our residential real estate loans as one- to four-family one-to-four-family (owner-occupied vs nonowner-occupied), multi-family or construction. We believe that our first mortgage position on loans secured by residential real estate presents lower risk than our other loans, with the exception of loans secured by deposits.

We offer a mix of adjustable-rate and fixed-rate mortgage loans with terms up to 30 years for owner-occupied properties. For these properties a borrower may be able to borrow up to 97% of the value with private mortgage insurance. Alternatively, the borrower may be able to borrow up to 90% of the value through other programs offered by the bank.

We offer loans on one- to four-family one-to-four-family rental properties at a maximum of 80% loan-to-value ("LTV") ratio and we generally charge a slightly higher interest rate on such loans.

We also originate loans to individuals to finance the construction of residential dwellings for personal use or for use as rental property. We occasionally lend to builders for construction of speculative or custom residential properties for resale, but on a limited basis. Construction loans are generally less than one year in length, do not exceed 80% of the appraised value, and provide for the payment of interest only during the construction phase. Funds are disbursed as progress is made toward completion of the construction.

Multi-family Loans

We offer mortgage loans secured by residential multi-family (five or more units). Generally, these loans are originated for 25 years or less and do not exceed 80% of the appraised value. Loans secured by multi-family generally have larger balances and involve a greater degree of risk than one- to four-family one-to-four-family residential mortgage loans. These loans depend on the borrower's creditworthiness and the feasibility and cash flow potential of the project. Payments on loans secured by income properties often depend on successful operation and management of the properties. As a result, repayment on such loans may be subject to a greater extent to adverse conditions in the real estate market or economy than owner-occupied residential loans.

Note 4. Loans receivable (continued)

Nonresidential Loans

We offer mortgage loans secured by nonresidential real estate comprised generally of commercial office buildings, churches and properties used for other purposes. Generally, these loans are originated for 25 years or less and do not exceed 80% of the appraised value. As with multi-family loans, commercial real estate loans generally have larger balances and involve a greater degree of risk than one- to four-family one-to-four-family residential mortgage loans and these loans depend on the borrower's creditworthiness, as well as the feasibility and cash flow potential of the project. Payments on loans secured by nonresidential properties often depend on successful operation and management of the properties. As a result, repayment on such loans may be subject to a greater extent to adverse conditions in the real estate market or economy than owner-occupied residential loans.

Consumer lending

Our consumer loans include home equity lines of credit, loans secured by savings deposits, automobile loans, and unsecured loans. Home equity loans are generally second mortgage loans subordinate only to first mortgages also held by the bank and do not exceed 80% of the estimated value of the property. We do offer home equity loans up to 90% of the estimated value to qualified borrowers and these loans carry a premium interest rate. Loans secured by savings are originated up to 90% of the depositor's savings account balance and bear interest at a rate higher than the rate paid on the deposit account. Because the deposit account must be pledged as collateral to secure the loan, the inherent risk of this type of loan is minimal. Loans secured by automobiles are made directly to consumers (there are no relationships with dealers) and are based on the value of the vehicle and the borrower's creditworthiness. Vehicle loans present a higher level of risk because of the natural decline in the value of the property as well as its mobility. Unsecured loans are based entirely on the borrower's creditworthiness and present the highest level of risk to the bank.

Impaired loans

The Banks choose the most appropriate method for accounting for impaired loans. For secured loans, which make up the vast majority of the loans in the Banks' portfolio, this method involves determining the fair value of the collateral, reduced by estimated selling costs. Where appropriate, the Banks would account for impaired loans by determining the present value of expected future cash flows discounted at the loan's effective interest rate.

A loan is considered impaired when, based on current information and events, it is probable that a creditor will be unable to collect all amounts due according to the contractual terms of the loan agreement. Although most of our loans are secured by collateral, we rely heavily on the capacity of our borrowers to generate sufficient cash flow to service their debt. As a result, our loans do not become collateral-dependent until there is deterioration in the borrower's cash flow and financial condition, which makes it necessary for us to look to the collateral for our sole source of repayment. Collateral-dependent loans which are more than ninety days delinquent are considered to constitute more than a minimum delay in repayment and are evaluated for impairment under the policy at that time.

We utilize updated independent appraisals to determine fair value for collateral-dependent loans, adjusted for estimated selling costs, in determining our specific reserve. In some situations, management does not secure an updated independent appraisal. These situations may involve small loan amounts or loans that, in management's opinion, have an abnormally low loan-to-value ratio.

With respect to the Banks' investment in troubled debt restructurings, multi-family and nonresidential loans, and the evaluation of impairment thereof, such loans are nonhomogenous and, as such, may be deemed to be collateral-dependent when they become more than 90 days delinquent. We obtain updated independent appraisals in these situations or when we suspect that the previous appraisal may no longer be reflective of the property's current fair value. This process varies from loan to loan, borrower to borrower, and also varies based on the nature of the collateral.

Note 4. Loans receivable (continued)

The following table presents the activity in the ACL by portfolio segment for the six months ended December 31, 2024.

December 31, 2024:

| (in thousands) | Balance at June 30, 2024 | Provision for (recovery of) credit losses on loans | Loans charged off | Recoveries | Credit Losses for Unfunded Liabilities | Ending balance |
|---|---|---|---|---|---|---|
| Residential real estate: | | | | | | |
| One-to-four-family | $ 1,661 | $ (43) | $ - | $ - | $ - | $ 1,618 |
| Multi-family | 100 | (2) | - | - | - | 98 |
| Construction | 122 | (33) | - | - | (2) | 87 |
| Land | 28 | 4 | - | - | - | 32 |
| Farm | 4 | 12 | - | - | - | 16 |
| Nonresidential real estate | 192 | (18) | - | - | - | 174 |
| Commercial and industrial | 3 | - | - | - | - | 3 |
| Consumer and other: | | | | | | |
| Home equity | 14 | 96 | - | 1 | - | 111 |
| Unsecured | 3 | (1) | - | - | - | 2 |
| | **$ 2,127** | **$ 15** | **$ -** | **$ 1** | **(2)** | **$ 2,141** |

The following table presents the activity in the ACL by portfolio segment for the six months ended December 31, 2023, after restatement of beginning balance for adoption of ASC 326:

December 31, 2023:

| (in thousands) | Pre-ASC 326 Adoption | Impact of ASC 326 Adoption | As Reported Under ASC 326 | Provision for (recovery of) credit losses on loans | Loans charged off | Recoveries | Credit Losses for Unfunded Liabilities | Ending balance |
|---|---|---|---|---|---|---|---|---|
| Residential real estate: | | | | | | | | |
| One-to-four-family | $ 857 | $ 740 | $ 1,597 | $ (1) | $ (9) | $ - | - | $ 1,587 |
| Multi-family | 278 | (145) | 133 | (3) | - | - | - | 130 |
| Construction | 41 | 97 | 138 | (11) | - | - | (3) | 124 |
| Land | 1 | 14 | 15 | 7 | - | - | - | 22 |
| Farm | 4 | 2 | 6 | (1) | - | - | - | 5 |
| Nonresidential real estate | 405 | (221) | 184 | 14 | - | - | - | 198 |
| Commercial and industrial | 23 | (18) | 5 | 1 | - | - | - | 6 |
| Consumer and other: | | | | | | | | |
| Loans on deposits | 1 | (1) | - | - | - | - | - | - |
| Home equity | 23 | 28 | 51 | 10 | - | - | (2) | 59 |
| Automobile | - | 1 | 1 | (1) | - | - | - | - |
| Unsecured | 1 | - | 1 | - | - | - | - | 1 |
| | **$ 1,634** | **$ 497** | **$ 2,131** | **$ 15** | **$ (9)** | **$ -** | **(5)** | **$ 2,132** |

Note 4. Loans receivable (continued)

The following table presents the activity in the ACL by portfolio segment for the three months ended September 30, 2024. December 31, 2024:

September 30, December 31, 2024:

| (in thousands) | Balance at June 30, 2024 | Provision for (recovery of) credit losses on loans | Loans charged off | Recoveries | Credit Losses for Unfunded Liabilities | Ending balance | Balance at September 30, 2024 | Provision for (recovery of) credit losses on loans | Loans charged off | Recoveries | Credit Losses for Unfunded Liabilities | Ending balance |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Residential real estate | | | | | | | | | | | | |
| One- to four-family | $ 1,661 | $ (34) | $ - | $ - | $ - | $ 1,627 | | | | | | |
| Residential real estate: | | | | | | | | | | | | |
| One-to-four-family | | | | | | | $ 1,627 | $ (9) | $ - | $ - | $ - | $ 1,618 |
| Multi-family | 100 | (3) | - | - | - | 97 | 97 | 1 | - | - | - | 98 |
| Construction | 122 | (1) | - | - | (2) | 119 | 119 | (32) | - | - | - | 87 |
| Land | 28 | (1) | - | - | - | 27 | 27 | 5 | - | - | - | 32 |
| Farm | 4 | - | - | - | - | 4 | 4 | 12 | - | - | - | 16 |
| Nonresidential real estate | 192 | 7 | - | - | - | 199 | 199 | (25) | - | - | - | 174 |
| Commercial and industrial | 3 | - | - | - | - | 3 | 3 | - | - | - | - | 3 |
| Consumer and other | | | | | | | | | | | | |
| Loans on deposits | - | - | - | - | - | - | | | | | | |
| Consumer and other: | | | | | | | | | | | | |
| Home equity | 14 | 48 | - | 1 | - | 63 | 63 | 48 | - | - | - | 111 |
| Automobile | - | - | - | - | - | - | | | | | | |
| Unsecured | 3 | (1) | - | - | - | 2 | 2 | - | - | - | - | 2 |
| | **$ 2,127** | **$ 15** | **$ -** | **$ 1** | **(2)** | **$ 2,141** | **$ 2,141** | **$ -** | **$ -** | **$ -** | **-** | **$ 2,141** |

The following table presents the activity in the ACL by portfolio segment for the three months ended September 30, 2023 after restatement of beginning balance for adoption of ASC 326: December 31, 2023:

**September 30, December 31, 2023:**

| (in thousands) | Pre-ASC 326 Adoption | Impact of ASC 326 Adoption | As Reported Under ASC 326 | Provision for (recovery of) credit losses on loans | Loans charged off | Recoveries | Ending balance |
|---|---|---|---|---|---|---|---|
| Residential real estate | | | | | | | |
| One- to four-family | $ 857 | $ 740 | $ 1,597 | $ 24 | $ (9) | $ - | $ 1,612 |
| Multi-family | 278 | (145) | 133 | (3) | - | - | 130 |
| Construction | 41 | 97 | 138 | (10) | - | - | 128 |
| Land | 1 | 14 | 15 | (1) | - | - | 14 |
| Farm | 4 | 2 | 6 | (1) | - | - | 5 |
| Nonresidential real estate | 405 | (221) | 184 | (5) | - | - | 179 |
| Commercial and industrial | 23 | (18) | 5 | - | - | - | 5 |
| Consumer and other | | | | | | | |
| Loans on deposits | 1 | (1) | - | - | - | - | - |
| Home equity | 23 | 28 | 51 | 1 | - | - | 52 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Automobile | - | 1 | 1 | (1) | - | - | - |
| Unsecured | 1 | - | 1 | - | - | - | 1 |
| | **$ 1,634** | **$ 497** | **$ 2,131** | **$ 4** | **$ (9)** | **$ -** | **$ 2,126** |

| **(in thousands)** | **Balance at September 30, 2023** | **Provision for (recovery of) credit losses on loans** | **Loans charged off** | **Recoveries** | **Credit Losses for Unfunded Liabilities** | **Ending balance** |
|---|---|---|---|---|---|---|
| Residential real estate: | | | | | | |
| One-to-four-family | $ 1612 | $ (25) | $ – | $ – | $ | $ 1,587 |
| Multi-family | 130 | – | – | – | | 130 |
| Construction | 128 | (2) | – | – | (2) | 124 |
| Land | 14 | 8 | – | – | | 22 |
| Farm | 5 | – | – | – | | 5 |
| Nonresidential real estate | 179 | 19 | – | – | | 198 |
| Commercial nonmortgage | 5 | 1 | – | – | | 6 |
| Consumer and other: | | | | | | |
| Home equity | 52 | 8 | – | – | (1) | 59 |
| Unsecured | 1 | – | – | – | | 1 |
| Totals | **$ 2,126** | **$ 9** | **$ –** | **$ –** | **(3)** | **$ 2,132** |

Note 4. Loans receivable (continued)

The following table presents the amortized cost basis of collateral-dependent loans by portfolio class as of September 30, 2024 December 31, 2024. The recorded investment in loans excludes accrued interest receivable due to immateriality.

September 30, December 31, 2024:

| (in thousands) | Amortized Cost Basis | Ending allowance on collateral-dependent loans | Amortized Cost Basis | Ending allowance on collateral-dependent loans |
|---|---|---|---|---|
| Loans individually evaluated for impairment: | | | | |
| Residential real estate: | | | | |
| One- to four-family | $ 2,034 | $ – | | |
| One-to-four-family | | | $ 1,449 | $ – |
| Nonresidential real estate | 1,911 | – | 947 | – |
| Commercial and industrial | - | – | | |
| | 3,945 | – | $ 2,396 | $ – |

Real estate stands as collateral for loans individually evaluated for impairment.

The following table presents the amortized cost basis of collateral-dependent loans by portfolio class as of June 30, 2024. The recorded investment in loans excludes accrued interest receivable due to immateriality.

June 30, 2024:

| (in thousands) | Amortized Cost Basis | Ending allowance on collateral-dependent loans |
|---|---|---|
| Loans individually evaluated for impairment: | | |
| Residential real estate: | | |
| One- to four-family | $ 2,674 | $ – |
| Nonresidential real estate | 1,925 | – |
| Commercial and industrial | – | – |
| | $ 4,599 | – |

| (in thousands) | Amortized Cost Basis | Ending allowance on collateral-dependent loans |
|---|---|---|
| Loans individually evaluated for impairment: | | |
| Residential real estate: | | |
| One-to-four-family | $ 2,674 | $ – |
| Nonresidential real estate | 1,925 | – |
| | $ 4,599 | $ – |

Note 4. Loans receivable (continued)

The following table presents the recorded investment in nonaccrual and loans past due over 90 89 days still on accrual by class of loans as of September 30, 2024 December 31, 2024, and June 30, 2024:

| (in thousands) | September 30, 2024 Nonaccrual | September 30, 2024 Loans Past Due Over 89 Days Still Accruing | June 30, 2024 Nonaccrual | June 30, 2024 Loans Past Due Over 89 Days Still Accruing |
|---|---|---|---|---|
| Residential real estate | | | | |
| One- to four-family | $ 2,176 | $ 304 | $ 2,678 | $ 221 |
| Multi-family | - | - | - | - |
| Farm | - | - | - | - |
| Nonresidential real estate | 1,911 | - | 969 | - |
| Commercial and industrial | - | - | - | - |
| Consumer and other | | | | |
| Home equity | - | - | - | - |
| Unsecured | - | 55 | - | 28 |
| | **$ 4,087** | **$ 359** | **$ 3,647** | **$ 249** |

| (in thousands) | December 31, 2024 Nonaccrual | December 31, 2024 Loans Past Due Over 89 Days Still Accruing | June 30, 2024 Nonaccrual | June 30, 2024 Loans Past Due Over 89 Days Still Accruing |
|---|---|---|---|---|
| Residential real estate: | | | | |
| One-to-four-family | $ 1,730 | $ 175 | $ 2,678 | $ 221 |
| Nonresidential real estate | 947 | - | 969 | - |
| Consumer and other: | | | | |
| Unsecured | 140 | 27 | - | 28 |
| | **$ 2,817** | **$ 202** | **$ 3,647** | **$ 249** |

Nonaccrual loans had no related allowance for credit losses based on individual evaluation at September 30, 2024 December 31, 2024 or June 30, 2024.

One- to four-family One-to-four-family loans in process of foreclosure totaled $883,000 $165,000 and $926,000 at September 30, 2024 December 31, 2024 and June 30, 2024, respectively. The above total for loans in process of foreclosure at September 30, 2024 included a loan of $758,462 in foreclosure that was subsequently paid in full, along with past due interest and fees, on October 22, 2024.

There were no loans modified during the three six months ended September 30, 2024 December 31, 2024 to borrowers experiencing financial difficulties.

The following table presents the aging of the principal balance outstanding in past due loans as of September 30, 2024 December 31, 2024, by class of loans:

September 30, December 31, 2024:

| (in thousands) | 30-59 Days Past Due | 60-89 Days Past Due | 90 Days or Greater | Total Past Due | Loans Not Past Due | Total |
|---|---|---|---|---|---|---|
| Residential real estate | | | | | | |
| One- to four-family | $ 4,734 | $ 758 | $ 1,133 | $ 6,625 | $ 248,897 | $ 255,522 |
| Multi-family | 251 | - | - | 251 | 15,281 | 15,532 |
| Construction | 1,447 | - | - | 1,447 | 12,082 | 13,529 |
| Land | 53 | - | - | 53 | 1,075 | 1,128 |
| Farm | - | - | - | - | 1,578 | 1,578 |
| Nonresidential real estate | 1,389 | 565 | 267 | 2,221 | 32,187 | 34,408 |
| Commercial and industrial | - | - | - | - | 616 | 616 |
| Consumer and other | | | | | | |
| Loans on deposits | - | - | - | - | 813 | 813 |
| Home equity | - | - | - | - | 11,398 | 11,398 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Automobile | - | - | - | - | 116 | 116 |
| Unsecured | 12 | | 55 | 67 | 609 | 676 |
| | **$ 7,886** | **$ 1,323** | **$ 1,455** | **$ 10,664** | **$ 324,652** | **$ 335,316** |

| **(in thousands)** | **30-59 Days Past Due** | **60-89 Days Past Due** | **90 Days or Greater** | **Total Past Due** | **Loans Not Past Due** | **Total** |
|---|---|---|---|---|---|---|
| Residential real estate: | | | | | | |
| One-to-four-family | $ 4,944 | $ 923 | $ 307 | $ 6,174 | $ 249,549 | $ 255,723 |
| Multi-family | 499 | - | - | 499 | 15,293 | 15,792 |
| Construction | 291 | 60 | - | 351 | 7,636 | 7,987 |
| Land | - | - | - | - | 1,420 | 1,420 |
| Farm | - | - | - | - | 3,283 | 3,283 |
| Nonresidential real estate | 2,337 | 24 | 267 | 2,628 | 29,880 | 32,508 |
| Commercial and industrial | 5 | 6 | - | 11 | 768 | 779 |
| Consumer and other: | | | | | | |
| Loans on deposits | - | - | - | - | 824 | 824 |
| Home equity | - | - | - | - | 13,194 | 13,194 |
| Automobile | - | - | - | - | 102 | 102 |
| Unsecured | 12 | | 27 | 39 | 724 | 763 |
| | **$ 8,088** | **$ 1,013** | **$ 601** | **$ 9,702** | **$ 322,673** | **$ 332,375** |

Kentucky First Federal Bancorp
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
September 30, December 31, 2024
(unaudited)

Note 4. Loans receivable (continued)

The following tables present the aging of the principal balance outstanding in past due loans as of June 30, 2024, by class of loans:

June 30, 2024:

| **(in thousands)** | **30-59 Days Past Due** | **60-89 Days Past Due** | **90 Days or Greater** | **Total Past Due** | **Loans Not Past Due** | **Total** | **30-59 Days Past Due** | **60-89 Days Past Due** | **90 Days or Greater** | **Total Past Due** | **Loans Not Past Due** | **Total** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Residential real estate | | | | | | | | | | | | |
| One- to four-family | $ 4,517 | $ 847 | $ 1,080 | $ 6,444 | $ 249,772 | $ 256,216 | | | | | | |
| Residential real estate: | | | | | | | | | | | | |
| One-to-four-family | | | | | | | $ 4,517 | $ 847 | $ 1,080 | $ 6,444 | $ 249,772 | $ 256,216 |
| Multi-family | - | - | - | - | 15,815 | 15,815 | - | - | - | - | 15,815 | 15,815 |
| Construction | 1,085 | 60 | - | 1,145 | 12,670 | 13,815 | 1,085 | 60 | - | 1,145 | 12,670 | 13,815 |
| Land | 55 | - | - | 55 | 909 | 964 | 55 | - | - | 55 | 909 | 964 |
| Farm | - | - | - | - | 1,169 | 1,169 | - | - | - | - | 1,169 | 1,169 |
| Nonresidential real estate | 840 | - | - | 840 | 33,468 | 34,308 | 840 | - | - | 840 | 33,468 | 34,308 |
| Commercial and industrial | 4 | - | - | 4 | 696 | 700 | 4 | - | - | 4 | 696 | 700 |
| Consumer and other | | | | | | | | | | | | |
| Consumer and other: | | | | | | | | | | | | |
| Loans on deposits | - | - | - | - | 819 | 819 | - | - | - | - | 819 | 819 |
| Home equity | - | - | 28 | 28 | 10,616 | 10,644 | - | - | 28 | 28 | 10,616 | 10,644 |
| Automobile | - | - | - | - | 117 | 117 | - | - | - | - | 117 | 117 |
| Unsecured | 14 | | - | 14 | 571 | 585 | 14 | | - | 14 | 571 | 585 |
| | **$ 6,515** | **$ 907** | **$ 1,108** | **$ 8,530** | **$ 326,662** | **$ 335,152** | **$ 6,515** | **$ 907** | **$ 1,108** | **$ 8,530** | **$ 326,622** | **$ 335,152** |

Credit Quality Indicators:

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Company analyzes loans individually by classifying the loans as to credit risk. This analysis is performed on an annual basis. The Company uses the following definitions for risk ratings:

**Special Mention.** Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.

**Substandard.** Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

**Doubtful.** Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable and improbable.

Note 4. Loans receivable (continued)

Loans not meeting the criteria above that are analyzed individually as part of the above-described process are considered to be pass rated loans. Loans listed that are not rated are included in groups of homogeneous loans and are evaluated for credit quality based on performing status. See the aging of past due loan table above. As of September 30, 2024 December 31, 2024, and based on the most recent analysis performed, the risk category of loans by class of loans is as follows:

| (in thousands) | Term Loans Amortized Cost by Origination Fiscal Year | | | | | | Revolving Loans Amortized | |
|---|---|---|---|---|---|---|---|---|
| As of September 30, 2024 | 2025 | 2024 | 2023 | 2022 | 2021 | Prior | Cost Basis | Total |
| Residential real estate: | | | | | | | | |
| One- to four-family | | | | | | | | |
| Risk Rating: | | | | | | | | |
| Pass | $ 7,238 | $ 30,542 | $ 48,578 | $ 46,599 | $ 41,758 | $ 76,048 | $ - | $ 250,763 |
| Special mention | - | - | - | - | - | 120 | - | 120 |
| Substandard | - | - | - | - | 80 | 4,559 | - | 4,639 |
| Doubtful | - | - | - | - | - | - | - | - |
| Total | $ 7,238 | $ 30,542 | $ 48,578 | $ 46,599 | $ 41,838 | $ 80,727 | $ - | $ 255,522 |
| Current period gross charge offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Multi-family | | | | | | | | |
| Risk Rating: | | | | | | | | |
| Pass | $ 797 | $ 399 | $ 6,018 | $ 5,339 | $ 1,230 | $ 1,749 | $ - | $ 15,532 |
| Special mention | - | - | - | - | - | - | - | - |
| Substandard | - | - | - | - | - | - | - | - |
| Doubtful | - | - | - | - | - | - | - | - |
| Total | $ 797 | $ 399 | $ 6,018 | $ 5,339 | $ 1,230 | $ 1,749 | $ - | $ 15,532 |
| Current period gross charge offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Construction | | | | | | | | |
| Risk Rating: | | | | | | | | |
| Pass | $ 158 | $ 8,602 | $ 4,745 | $ - | $ 24 | $ - | $ - | $ 13,529 |
| Special mention | - | - | - | - | - | - | - | - |

| (in thousands) | Term Loans Amortized Cost by Origination Fiscal Year | | | | | | Revolving Loans Amortized | |
|---|---|---|---|---|---|---|---|---|
| As of December 31, 2024 | 2025 | 2024 | 2023 | 2022 | 2021 | Prior | Cost Basis | Total |
| Residential real estate: | | | | | | | | |
| One-to-four-family | | | | | | | | |
| Risk Rating: | | | | | | | | |
| Pass | $ 17,520 | $ 31,180 | $ 48,397 | $ 46,599 | $ 42,981 | $ 64,879 | $ - | $ 251,556 |
| Special mention | - | - | - | - | - | 112 | - | 112 |
| Substandard | - | - | - | - | 80 | 3,975 | - | 4,055 |
| Doubtful | - | - | - | - | - | - | - | - |
| Total | $ 17,520 | $ 31,180 | $ 48,397 | $ 46,599 | $ 43,061 | $ 68,966 | $ - | $ 255,723 |
| Current period gross charge offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Multi-family | | | | | | | | |
| Risk Rating: | | | | | | | | |
| Pass | $ 1,194 | $ 398 | $ 5,959 | $ 5,301 | $ 1,221 | $ 1,719 | $ - | $ 15,792 |
| Special mention | - | - | - | - | - | - | - | - |
| Substandard | - | - | - | - | - | - | - | - |
| Doubtful | - | - | - | - | - | - | - | - |
| Total | $ 1,194 | $ 398 | $ 5,959 | $ 5,301 | $ 1,221 | $ 1,719 | $ - | $ 15,792 |
| Current period gross charge offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Construction | | | | | | | | |
| Risk Rating: | | | | | | | | |
| Pass | $ 877 | $ 4,214 | $ 2,575 | $ - | $ - | $ 321 | $ - | $ 7,987 |
| Special mention | - | - | - | - | - | - | - | - |

| | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Substandard | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Doubtful | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | $ 158 | $ 8,602 | $ 4,745 | $ - | $ 24 | $ - | $ - | $ 13,529 | $ 877 | $ 4,214 | $ 2,575 | $ - | $ 321 | $ - | $ - | $ 7,987 |
| Current period gross charge offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Land | | | | | | | | | | | | | | | | |
| Risk Rating: | | | | | | | | | | | | | | | | |
| Pass | $ 152 | $ 147 | $ 295 | $ 53 | $ - | $ 36 | $ - | $ 1,100 | $ 561 | $ 491 | $ 210 | $ 53 | $ - | $ 77 | $ - | $ 1,392 |
| Special mention | - | 564 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Substandard | - | - | - | - | - | 28 | - | 28 | - | - | - | - | - | 28 | - | 28 |
| Doubtful | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | $ 152 | $ 564 | $ 295 | $ 53 | $ - | $ 64 | $ - | $ 1,128 | $ 561 | $ 491 | $ 210 | $ 53 | $ - | $ 105 | $ - | $ 1,420 |
| Current period gross charge offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Farm | | | | | | | | | | | | | | | | |
| Risk Rating: | | | | | | | | | | | | | | | | |
| Pass | $ 519 | $ 147 | $ - | $ 218 | $ - | $ 694 | $ - | $ 1,578 | $ 2,242 | $ - | $ - | $ 216 | $ - | $ 825 | $ - | $ 3,283 |
| Special mention | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Substandard | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Doubtful | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | $ 519 | $ 147 | $ - | $ 218 | $ - | $ 694 | $ - | $ 1,578 | $ 2,242 | $ - | $ - | $ 216 | $ - | $ 825 | $ - | $ 3,283 |
| Current period gross charge offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Nonresidential real estate | | | | | | | | | | | | | | | | |
| Risk Rating: | | | | | | | | | | | | | | | | |
| Pass | $ 2,831 | $ 7,715 | $ 1,431 | $ 3,072 | $ 3,378 | $ 13,403 | $ - | $ 31,832 | $ 1,064 | $ 7,712 | $ 1,422 | $ 2,564 | $ 3,347 | $ 14,868 | $ - | $ 30,977 |
| Special mention | - | - | - | - | - | 665 | - | 665 | - | - | - | - | - | 584 | - | 584 |
| Substandard | - | - | 745 | - | - | 1,166 | - | 1,911 | - | - | 745 | - | - | 202 | - | 947 |
| Doubtful | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | $ 2,831 | $ 7,715 | $ 2,177 | $ 3,072 | $ 3,378 | $ 15,235 | $ - | $ 34,408 | $ 1,064 | $ 7,712 | $ 2,167 | $ 2,564 | $ 3,347 | $ 15,654 | $ - | $ 32,508 |
| Current period gross charge offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Commercial and industrial | | | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Risk Rating: | | | | | | | | | | | | | | | | |
| Pass | $ 59 | $ 35 | $ 148 | $ - | $ - | $ 374 | $ - | $ 616 | $ 335 | $ 304 | $ 139 | $ - | $ - | $ 1 | $ - | $ 779 |
| Special mention | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Substandard | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Doubtful | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | $ 59 | $ 35 | $ 148 | $ - | $ - | $ 374 | $ - | $ 616 | $ 335 | $ 304 | $ 139 | $ - | $ - | $ 1 | $ - | $ 779 |
| Current period gross charge offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Share Loans | | | | | | | | | | | | | | | | |
| Risk Rating: | | | | | | | | | | | | | | | | |
| Pass | $ 57 | $ 84 | $ 92 | $ - | $ 7 | $ 573 | $ - | $ 813 | $ 132 | $ 72 | $ 90 | $ - | $ 6 | $ 524 | $ - | $ 824 |
| Special mention | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Substandard | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Doubtful | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | $ 57 | $ 84 | $ 92 | $ - | $ 7 | $ 573 | $ - | $ 813 | $ 132 | $ 72 | $ 90 | $ - | $ 6 | $ 524 | $ - | $ 824 |
| Current period gross charge offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Home Equity | | | | | | | | | | | | | | | | |
| Risk Rating: | | | | | | | | | | | | | | | | |
| Pass | $ - | $ - | $ - | $ - | $ - | $ - | $ 11,398 | $ 11,398 | $ - | $ - | $ - | $ - | $ - | $ - | $ 13,194 | $ 13,194 |
| Special mention | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Substandard | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Doubtful | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | $ - | $ - | $ - | $ - | $ - | $ - | $ 11,398 | $ 11,398 | $ - | $ - | $ - | $ - | $ - | $ - | $ 13,194 | $ 13,194 |
| Current period gross charge offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Auto | | | | | | | | | | | | | | | | |
| Risk Rating: | | | | | | | | | | | | | | | | |
| Pass | $ 10 | $ 61 | $ 7 | $ 27 | $ 2 | $ 9 | $ - | $ 116 | $ 9 | $ 59 | $ 3 | $ 24 | $ 2 | $ 5 | $ - | $ 102 |
| Special mention | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Substandard | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Doubtful | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | $ 10 | $ 61 | $ 7 | $ 27 | $ 2 | $ 9 | $ - | $ 116 | $ 9 | $ 59 | $ 3 | $ 24 | $ 2 | $ 5 | $ - | $ 102 |
| Current period gross charge offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |

| | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Unsecured | | | | | | | | | | | | | | | | |
| Risk Rating: | | | | | | | | | | | | | | | | |
| Pass | $ 75 | $ 414 | $ 47 | $ 42 | $ 55 | $ 43 | $ - | $ 676 | $ 121 | $ 152 | $ 21 | $ 20 | $ - | $ 309 | $ - | $ 623 |
| Special mention | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Substandard | - | - | - | - | - | - | - | - | 140 | - | - | - | - | - | - | 140 |
| Doubtful | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | $ 75 | $ 414 | $ 47 | $ 42 | $ 55 | $ 43 | $ - | $ 676 | $ 261 | $ 152 | $ 21 | $ 20 | $ - | $ 309 | $ - | $ 763 |
| Current period gross charge offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |

Kentucky First Federal Bancorp
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
September 30, December 31, 2024
(unaudited)

Note 4. Loans receivable (continued)

As of June 30, 2024, and based on the most recent analysis performed, the risk category of loans by class of loans is as follows:

| **(in thousands)** | **Term Loans Amortized Cost by Origination Fiscal Year** | | | | | | **Revolving Loans Amortized** | |
|---|---|---|---|---|---|---|---|---|
| **As of June 30, 2024** | **2024** | **2023** | **2022** | **2021** | **2020** | **Prior** | **Cost Basis** | **Total** |
| **Residential real estate:** | | | | | | | | |
| **One- to four-family** | | | | | | | | |
| **Risk Rating:** | | | | | | | | |
| **Pass** | $ 29,792 | $ 50,814 | $ 47,346 | $ 42,943 | $ 26,794 | $ 52,616 | $ - | $ 250,485 |
| **Special mention** | - | - | - | - | - | 667 | - | 667 |
| **Substandard** | - | - | -- | 81 | 110 | 4,873 | - | 5,064 |
| **Doubtful** | - | - | - | - | - | - | - | - |
| **Total** | $ 29,792 | $ 50,814 | $ 47,346 | $ 43,024 | $ 26,904 | $ 58,156 | $ - | $ 256,216 |
| **Current period gross charge offs** | $ - | $ - | $ - | $ - | $ - | $ 16 | $ - | $ 16 |
| **Multi-family** | | | | | | | | |
| **Risk Rating:** | | | | | | | | |
| **Pass** | $ 400 | $ 6,076 | $ 5,907 | $ 1,239 | $ - | $ 2,193 | $ - | $ 15,815 |
| **Special mention** | - | - | - | - | - | - | - | - |
| **Substandard** | - | - | - | - | - | - | - | - |
| **Doubtful** | - | - | - | - | - | - | - | - |
| **Total** | $ 400 | $ 6,076 | $ 5,907 | $ 1,239 | $ - | $ 2,193 | $ - | $ 15,815 |
| **Current period gross charge offs** | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Construction** | | | | | | | | |
| **Risk Rating:** | | | | | | | | |
| **Pass** | $ 8,230 | $ 5,562 | $ 23 | $ - | $ - | $ - | $ - | $ 13,815 |
| **Special mention** | - | - | - | - | - | - | - | - |
| **Substandard** | - | - | - | - | - | - | - | - |
| **Doubtful** | - | - | - | - | - | - | - | - |
| **Total** | $ 8,230 | $ 5,562 | $ 23 | $ - | $ - | $ - | $ - | $ 13,815 |
| **Current period gross charge offs** | $ - | $ 6 | $ - | $ - | $ - | $ - | $ - | $ 6 |
| **Land** | | | | | | | | |
| **Risk Rating:** | | | | | | | | |
| **Pass** | $ 401 | $ 252 | $ 213 | $ - | $ - | $ 70 | $ - | $ 936 |
| **Special mention** | - | - | - | - | - | - | - | - |
| **Substandard** | - | - | - | - | - | 28 | - | - |
| **Doubtful** | - | - | - | - | - | - | - | - |
| **Total** | $ 401 | $ 252 | $ 213 | $ - | $ - | $ 98 | $ - | $ 964 |
| **Current period gross charge offs** | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Farm** | | | | | | | | |
| **Risk Rating:** | | | | | | | | |
| **Pass** | $ - | $ - | $ 221 | $ - | $ - | $ 948 | $ - | $ 1,169 |
| **Special mention** | - | - | - | - | - | - | - | - |
| **Substandard** | - | - | - | - | - | - | - | - |
| **Doubtful** | - | - | - | - | - | - | - | - |
| **Total** | $ - | $ - | $ 221 | $ - | $ - | $ 948 | $ - | $ 1,169 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Current period gross charge offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Nonresidential real estate** | | | | | | | | |
| Risk Rating: | | | | | | | | |
| Pass | $ 7,828 | $ 1,561 | $ 3,099 | $ 3,406 | $ 5,711 | $ 10,648 | $ - | $ 32,253 |
| Special mention | - | - | - | - | - | 130 | - | 130 |
| Substandard | - | 1,017 | - | - | - | 908 | - | 1,925 |
| Doubtful | - | - | - | - | - | - | - | - |
| Total | $ 7,828 | $ 2,578 | $ 3,099 | $ 3,406 | $ 5,711 | $ 11,686 | $ - | $ 34,308 |
| Current period gross charge offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Commercial and industrial** | | | | | | | | |
| Risk Rating: | | | | | | | | |
| Pass | $ 482 | $ 214 | $ - | $ 4 | $ - | $ - | $ - | $ 700 |
| Special mention | - | - | - | - | - | - | - | - |
| Substandard | - | - | - | - | - | - | - | - |
| Doubtful | - | - | - | - | - | - | - | - |
| Total | $ 482 | $ 214 | $ - | $ 4 | $ - | $ - | $ - | $ 700 |
| Current period gross charge offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Share Loans** | | | | | | | | |
| Risk Rating: | | | | | | | | |
| Pass | $ 116 | $ 113 | $ 20 | $ 15 | $ 176 | $ 379 | $ - | $ 819 |
| Special mention | - | - | - | - | - | - | - | - |
| Substandard | - | - | - | - | - | - | - | - |
| Doubtful | - | - | - | - | - | - | - | - |
| Total | $ 116 | $ 113 | $ 20 | $ 15 | $ 176 | $ 379 | $ - | $ 819 |
| Current period gross charge offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Home Equity** | | | | | | | | |
| Risk Rating: | | | | | | | | |
| Pass | $ - | $ - | $ - | $ - | $ - | $ - | $ 10,490 | $ 10,490 |
| Special mention | - | - | - | - | - | - | - | - |
| Substandard | - | - | - | - | - | - | 154 | 154 |
| Doubtful | - | - | - | - | - | - | - | - |
| Total | $ - | $ - | $ - | $ - | $ - | $ - | $ 10,644 | $ 10,644 |
| Current period gross charge offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Auto** | | | | | | | | |
| Risk Rating: | | | | | | | | |
| Pass | $ 68 | $ 9 | $ 30 | $ 3 | $ 2 | $ 5 | $ - | $ 117 |
| Special mention | - | - | - | - | - | - | - | - |
| Substandard | - | - | - | - | - | - | - | - |
| Doubtful | - | - | - | - | - | - | - | - |
| Total | $ 68 | $ 9 | $ 30 | $ 3 | $ 2 | $ 5 | $ - | $ 117 |
| Current period gross charge offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Unsecured** | | | | | | | | |
| Risk Rating: | | | | | | | | |
| Pass | $ 285 | $ 34 | $ 24 | $ 174 | $ 13 | $ 55 | $ - | $ 585 |
| Special mention | - | - | - | - | - | - | - | - |
| Substandard | - | - | - | - | - | - | - | - |
| Doubtful | - | - | - | - | - | - | - | - |
| Total | $ 285 | $ 34 | $ 24 | $ 174 | $ 13 | $ 55 | $ - | $ 585 |
| Current period gross charge offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |

| (in thousands) | Term Loans Amortized Cost by Origination Fiscal Year | | | | | | Revolving Loans Amortized | |
|---|---|---|---|---|---|---|---|---|
| As of June 30, 2024 | 2024 | 2023 | 2022 | 2021 | 2020 | Prior | Cost Basis | Total |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Residential real estate:** | | | | | | | | |
| **One-to-four-family** | | | | | | | | |
| **Risk Rating:** | | | | | | | | |
| **Pass** | $ 29,792 | $ 50,814 | $ 47,346 | $ 42,943 | $ 26,794 | $ 52,796 | $ - | $ 250,485 |
| **Special mention** | - | - | - | - | - | 667 | - | 667 |
| **Substandard** | - | - | - | 81 | 110 | 4,873 | - | 5,064 |
| **Doubtful** | - | - | - | - | - | - | - | - |
| **Total** | $ 29,792 | $ 50,814 | $ 47,346 | $ 43,024 | $ 26,904 | $ 58,336 | $ - | $ 256,216 |
| **Current period gross charge offs** | $ - | $ - | $ - | $ - | $ - | $ 16 | $ - | $ 16 |
| **Multi-family** | | | | | | | | |
| **Risk Rating:** | | | | | | | | |
| **Pass** | $ 400 | $ 6,076 | $ 5,907 | $ 1,239 | $ - | $ 2,193 | $ - | $ 15,815 |
| **Special mention** | - | - | - | - | - | - | - | - |
| **Substandard** | - | - | - | - | - | - | - | - |
| **Doubtful** | - | - | - | - | - | - | - | - |
| **Total** | $ 400 | $ 6,076 | $ 5,907 | $ 1,239 | $ - | $ 2,193 | $ - | $ 15,815 |
| **Current period gross charge offs** | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Construction** | | | | | | | | |
| **Risk Rating:** | | | | | | | | |
| **Pass** | $ 8,230 | $ 5,562 | $ 23 | $ - | $ - | $ - | $ - | $ 13,815 |
| **Special mention** | - | - | - | - | - | - | - | - |
| **Substandard** | - | - | - | - | - | - | - | - |
| **Doubtful** | - | - | - | - | - | - | - | - |
| **Total** | $ 8,230 | $ 5,562 | $ 23 | $ - | $ - | $ - | $ - | $ 13,815 |
| **Current period gross charge offs** | $ - | $ 6 | $ - | $ - | $ - | $ - | $ - | $ 6 |
| **Land** | | | | | | | | |
| **Risk Rating:** | | | | | | | | |
| **Pass** | $ 401 | $ 252 | $ 213 | $ - | $ - | $ 70 | $ - | $ 936 |
| **Special mention** | - | - | - | - | - | - | - | - |
| **Substandard** | - | - | - | - | - | 28 | - | - |
| **Doubtful** | - | - | - | - | - | - | - | - |
| **Total** | $ 401 | $ 252 | $ 213 | $ - | $ - | $ 98 | $ - | $ 964 |
| **Current period gross charge offs** | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Farm** | | | | | | | | |
| **Risk Rating:** | | | | | | | | |
| **Pass** | $ - | $ - | $ 221 | $ - | $ - | $ 948 | $ - | $ 1,169 |
| **Special mention** | - | - | - | - | - | - | - | - |
| **Substandard** | - | - | - | - | - | - | - | - |
| **Doubtful** | - | - | - | - | - | - | - | - |
| **Total** | $ - | $ - | $ 221 | $ - | $ - | $ 948 | $ - | $ 1,169 |
| **Current period gross charge offs** | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Nonresidential real estate** | | | | | | | | |
| **Risk Rating:** | | | | | | | | |
| **Pass** | $ 7,828 | $ 1,561 | $ 3,099 | $ 3,406 | $ 5,711 | $ 10,648 | $ - | $ 32,253 |
| **Special mention** | - | - | - | - | - | 130 | - | 130 |
| **Substandard** | - | 1,017 | - | - | - | 908 | - | 1,925 |
| **Doubtful** | - | - | - | - | - | - | - | - |
| **Total** | $ 7,828 | $ 2,578 | $ 3,099 | $ 3,406 | $ 5,711 | $ 11,686 | $ - | $ 34,308 |
| **Current period gross charge offs** | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Commercial and industrial** | | | | | | | | |
| **Risk Rating:** | | | | | | | | |
| **Pass** | $ 482 | $ 214 | $ - | $ 4 | $ - | $ - | $ - | $ 700 |
| **Special mention** | - | - | - | - | - | - | - | - |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Substandard | - | - | - | - | - | - | - | - |
| Doubtful | - | - | - | - | - | - | - | - |
| Total | $ 482 | $ 214 | $ - | $ 4 | $ - | $ - | $ - | $ 700 |
| Current period gross charge offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Share Loans | | | | | | | | |
| Risk Rating: | | | | | | | | |
| Pass | $ 116 | $ 113 | $ 20 | $ 15 | $ 176 | $ 379 | $ - | $ 819 |
| Special mention | - | - | - | - | - | - | - | - |
| Substandard | - | - | - | - | - | - | - | - |
| Doubtful | - | - | - | - | - | - | - | - |
| Total | $ 116 | $ 113 | $ 20 | $ 15 | $ 176 | $ 379 | $ - | $ 819 |
| Current period gross charge offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Home Equity | | | | | | | | |
| Risk Rating: | | | | | | | | |
| Pass | $ - | $ - | $ - | $ - | $ - | $ - | $ 10,490 | $ 10,490 |
| Special mention | - | - | - | - | - | - | - | - |
| Substandard | - | - | - | - | - | - | 154 | 154 |
| Doubtful | - | - | - | - | - | - | - | - |
| Total | $ - | $ - | $ - | $ - | $ - | $ - | $ 10,644 | $ 10,644 |
| Current period gross charge offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Auto | | | | | | | | |
| Risk Rating: | | | | | | | | |
| Pass | $ 68 | $ 9 | $ 30 | $ 3 | $ 2 | $ 5 | $ - | $ 117 |
| Special mention | - | - | - | - | - | - | - | - |
| Substandard | - | - | - | - | - | - | - | - |
| Doubtful | - | - | - | - | - | - | - | - |
| Total | $ 68 | $ 9 | $ 30 | $ 3 | $ 2 | $ 5 | $ - | $ 117 |
| Current period gross charge offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Unsecured | | | | | | | | |
| Risk Rating: | | | | | | | | |
| Pass | $ 285 | $ 34 | $ 24 | $ 174 | $ 13 | $ 55 | $ - | $ 585 |
| Special mention | - | - | - | - | - | - | - | - |
| Substandard | - | - | - | - | - | - | - | - |
| Doubtful | - | - | - | - | - | - | - | - |
| Total | $ 285 | $ 34 | $ 24 | $ 174 | $ 13 | $ 55 | $ - | $ 585 |
| Current period gross charge offs | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |

Note 4. Loans receivable (continued)

At September 30, 2024 December 31, 2024, the risk category of loans by class of loans was as follows:

| **(in thousands)** | **Pass** | **Special Mention** | **Substandard** | **Doubtful** | **Pass** | **Special Mention** | **Substandard** | **Doubtful** |
|---|---|---|---|---|---|---|---|---|
| Residential real estate | | | | | | | | |
| One- to four-family | $ 250,763 | $ 120 | $ 4,639 | $ - | | | | |
| Residential real estate: | | | | | | | | |
| One-to-four-family | | | | | $ 251,556 | $ 112 | $ 4,055 | $ - |
| Multi-family | 15,532 | - | - | - | 15,792 | - | - | - |
| Construction | 13,529 | - | - | - | 7,987 | - | - | - |
| Land | 1,100 | - | 28 | - | 1,392 | - | 28 | - |
| Farm | 1,578 | - | - | - | 3,283 | - | - | - |
| Nonresidential real estate | 31,832 | 665 | 1,911 | - | 30,977 | 584 | 947 | - |
| Commercial and industrial | 616 | - | - | - | 779 | - | - | - |
| Consumer and other | | | | | | | | |
| Consumer and other: | | | | | | | | |
| Loans on deposits | 813 | - | - | - | 824 | - | - | - |
| Home equity | 11,398 | - | - | - | 13,194 | - | - | - |
| Automobile | 116 | - | - | - | 102 | - | - | - |
| Unsecured | 676 | - | - | - | 623 | - | 140 | - |
| | **$ 327,953** | **$ 785** | **$ 6,578** | **$ -** | **$ 326,509** | **$ 696** | **$ 5,170** | **$ -** |

At June 30, 2024, the risk category of loans by class of loans was as follows:

| **(in thousands)** | **Pass** | **Special Mention** | **Substandard** | **Doubtful** | **Pass** | **Special Mention** | **Substandard** | **Doubtful** |
|---|---|---|---|---|---|---|---|---|
| Residential real estate | | | | | | | | |
| One- to four-family | $ 250,485 | $ 667 | $ 5,064 | $ - | | | | |
| Residential real estate: | | | | | | | | |
| One-to-four-family | | | | | $ 250,485 | $ 667 | $ 5,064 | $ - |
| Multi-family | 15,815 | - | - | - | 15,815 | - | - | - |
| Construction | 13,815 | - | - | - | 13,815 | - | - | - |
| Land | 936 | - | 28 | - | 936 | - | 28 | - |
| Farm | 1,169 | - | - | - | 1,169 | - | - | - |
| Nonresidential real estate | 32,253 | 130 | 1,925 | - | 32,253 | 130 | 1,925 | - |
| Commercial and industrial | 700 | - | - | - | 700 | - | - | - |
| Consumer and other | | | | | | | | |
| Consumer and other: | | | | | | | | |
| Loans on deposits | 819 | - | - | - | 819 | - | - | - |
| Home equity | 10,490 | - | 154 | - | 10,490 | - | 154 | - |
| Automobile | 117 | - | - | - | 117 | - | - | - |
| Unsecured | 585 | - | - | - | 585 | - | - | - |
| | **$ 327,184** | **$ 797** | **$ 7,171** | **$ -** | **$ 327,184** | **$ 797** | **$ 7,171** | **$ -** |

Purchased Credit Impaired Loans:

The Company purchased loans during fiscal year 2013 for which there was, at acquisition, evidence of deterioration of credit quality since origination and it was probable, at acquisition, that all contractually required payments would not be collected. The carrying amount of those loans, net of a purchase credit discount of $25,000 and $25,000 at September 30, 2024 December 31, 2024 and June 30, 2024, respectively, is as follows:

| (in thousands) | September 30, 2024 | June 30, 2024 | December 31, 2024 | June 30, 2024 |
|---|---|---|---|---|
| One- to four-family residential real estate | $ 142 | $ 175 | | |
| One-to-four-family residential real estate | | | $ 138 | $ 175 |

Accretable yield, or income expected to be collected, is as follows:

| (in thousands) | Three months ended September 30, 2024 | Twelve months ended June 30, 2024 | Six months ended December 31, 2024 | Twelve months ended June 30, 2024 |
|---|---|---|---|---|
| Balance at beginning of period | $ 260 | $ 294 | $ 260 | $ 294 |
| Accretion of income | (9) | (34) | (17) | (34) |
| Balance at end of period | **$ 251** | **$ 260** | **$ 243** | **$ 260** |

For those purchased loans disclosed above, the Company made no increase in allowance for loan credit losses for the year ended June 30, 2024, nor or for the three-month six-month period ended September 30, 2024 December 31, 2024. Neither were any allowance for loan credit losses reversed during those periods.

Note 5. Disclosures About Fair Value of Assets and Liabilities

ASC topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (exit price) at 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 standard describes six levels of inputs that may be used to measure fair value:

**Level 1** – Quoted prices in active markets for identical assets or liabilities.

**Level 2** – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

**Level 3** – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Securities

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics. Level 2 securities include agency mortgage-backed securities and agency bonds.

Financial assets measured at fair value on a recurring basis are summarized below:

| | Fair Value Measurements Using | | | | Fair Value Measurements Using | | | |
|---|---|---|---|---|---|---|---|---|
| **(in thousands)** | **Fair Value** | **Quoted Prices in Active Markets for Identical Assets (Level 1)** | **Significant Other Observable Inputs (Level 2)** | **Significant Unobservable Inputs (Level 3)** | **Fair Value** | **Quoted Prices in Active Markets for Identical Assets (Level 1)** | **Significant Other Observable Inputs (Level 2)** | **Significant Unobservable Inputs (Level 3)** |
| **September 30, 2024** | | | | | | | | |
| **December 31, 2024** | | | | | | | | |
| Agency mortgage-backed: residential | $ 9,416 | $ – | $ 9,416 | $ – | $ 8,628 | $ – | $ 8,628 | $ – |
| **June 30, 2024** | | | | | | | | |
| Agency mortgage-backed: residential | $ 9,648 | $ – | $ 9,648 | $ – | $ 9,648 | $ – | $ 9,648 | $ – |

There were no assets or liabilities which were measured at fair value on a nonrecurring basis at September 30, 2024 December 31, 2024, and June 30, 2024.

The following is a disclosure of the fair value of financial instruments, both assets and liabilities, whether or not recognized in the consolidated balance sheet, for which it is practicable to estimate that value. For financial instruments where quoted market prices are not available, fair values are based on estimates using present value and other valuation methods.

The methods used are greatly affected by the assumptions applied, including the discount rate and estimates of future cash flows. Therefore, the fair values presented may not represent amounts that could be realized in an exchange for certain financial instruments.

Note 5. Disclosures About Fair Value of Assets and Liabilities (continued)

Based on the foregoing methods and assumptions, the carrying value and fair value of the Company's financial instruments at September 30, 2024 December 31, 2024 and June 30, 2024 are as follows:

| (in thousands) | Carrying Value | Fair Value Measurements at September 30, 2024 Using Level 1 | Level 2 | Level 3 | Total | Carrying Value | Fair Value Measurements at December 31, 2024 Using Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Financial assets | | | | | | | | | | |
| Cash and cash equivalents | $ 17,269 | $ 17,269 | | | $ 17,269 | $ 20,976 | $ 20,976 | | | $ 20,976 |
| Available-for-sale securities | 9,416 | | $ 9,416 | | 9,416 | 8,628 | | $ 8,628 | | 8,628 |
| Held-to-maturity securities | 199 | | 195 | | 195 | 190 | | 180 | | 180 |
| Loans receivable – net | 333,175 | | | $ 323,285 | 323,285 | 330,234 | | | $ 317,845 | 317,845 |
| Federal Home Loan Bank stock | 4,439 | | | | n/a | 4,439 | | | | n/a |
| Accrued interest receivable | 1,277 | | 1,277 | | 1,277 | 1,264 | | 1,264 | | 1,264 |
| Financial liabilities | | | | | | | | | | |
| Deposits | $ 254,915 | $ 78,693 | $ 176,483 | | 255.176 | $ 263,055 | $ 76,135 | $ 187,110 | | 263,245 |
| Federal Home Loan Bank advances | 70,055 | | 69,552 | | 69,552 | 61,792 | | 61,753 | | 61,753 |
| Advances by borrowers for taxes and insurance | 1,242 | | 1,242 | | 1,242 | 206 | | 206 | | 206 |
| Accrued interest payable | 242 | | 242 | | 242 | 478 | | 478 | | 478 |

| (in thousands) | Carrying Value | Fair Value Measurements at June 30, 2024 Using Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| Financial assets | | | | | |
| Cash and cash equivalents | $ 18,287 | $ 18,287 | | | $ 18,287 |
| Available-for-sale securities | 9,648 | | $ 9,648 | | 9,648 |
| Held-to-maturity securities | 213 | | 203 | | 203 |
| Loans receivable - net | 333,025 | | | $ 318,867 | 318,867 |
| Federal Home Loan Bank stock | 4,230 | | | | n/a |
| Accrued interest receivable | 1,169 | | 1,169 | | 1,169 |
| Financial liabilities | | | | | |
| Deposits | $ 256,139 | $ 79,567 | $ 176,272 | | $ 255,839 |
| Federal Home Loan Bank advances | 68,988 | | 68,122 | | 68,122 |
| Advances by borrowers for taxes and insurance | 909 | | 909 | | 909 |
| Accrued interest payable | 176 | | 176 | | 176 |

Note 6. Other Comprehensive Income (Loss)

The Company's other comprehensive income (loss) is comprised solely of unrealized gains and losses on available-for-sale securities. The following is a summary of the accumulated other comprehensive income balances, net of tax:

| (in thousands) | Three months ended September 30, 2024 |
|---|---|
| Beginning balance | $ (336) |
| Current year change | 241 |
| Ending balance | **$ (95)** |

| (in thousands) | Six months ended December 31, 2024 | Three months ended December 31, 2024 |
|---|---|---|
| Balance at beginning of period | $ (336) | $ (95) |
| Current period change | 60 | (181) |
| Balance at end of period | **$ (276)** | **$ (276)** |

Other comprehensive income (loss) components and related tax effects for the periods indicated were as follows:

| | Three months ended September 30, | | Six months ended December 31, | | Three months ended December 31, | |
|---|---|---|---|---|---|---|
| (in thousands) | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Unrealized holding gains (losses) on available-for-sale securities | $ 321 | $ (753) | $ 80 | $ 124 | $ (241) | $ 308 |
| Tax effect | (20) | (31) | 60 | (77) | | |
| Net-of-tax amount | **$ 241** | **$ (565)** | | | | |
| | | | **$ 60** | **$ 93** | **$ (181)** | **$ 231** |

Note 5: Formal Written Agreement

**ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

Forward-Looking Statements

Certain statements contained in this report, as well as other periodic reports filed with the Securities and Exchange Commission, that are not historical facts are considered "forward-looking statements" under the Private Securities Litigation Reform Act of 1995, that are subject to certain risks and uncertainties. These forward-looking statements may be identified by the use of words such as "believe," "expect," "anticipate," "plan," "estimate," "intend" and "potential," or words of similar meaning, or future or conditional verbs such as "should," "could," or "may." Forward-looking statements include statements of our goals, intentions and expectations; statements regarding our ability to fully and timely address the deficiencies that resulted in the Agreement that First Federal Savings Bank of Kentucky has entered into with the Office of the Comptroller of the Currency ("OCC"); First Federal Savings Bank of Kentucky's ability to satisfy the Individual Minimum Capital Requirements imposed by the OCC; 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. Kentucky First Federal Bancorp's actual results, performance or achievements may materially differ from those expressed or implied in the forward-looking statements. Risks and uncertainties that could cause or contribute to such material differences include, but are not limited to, general economic conditions; prices for real estate in the Company's market areas; the interest rate environment and the impact of the interest rate environment on our business, financial condition and results of operations; our ability to successfully execute our strategy to increase earnings, increase core deposits, reduce reliance on higher cost funding sources and shift more of our loan portfolio towards higher-earning loans; our ability to pay future dividends and if so at what level; our ability to receive any required regulatory approval or non-objection for the payment of to pay dividends to shareholder; our ability to pay dividends from First Federal Savings and Loan Association of Hazard and First Federal Savings Bank of Kentucky to the Company or from in order for the Company to pay dividends to shareholders; the ability of First Federal MHC to receive approval of its members to waive the payment of any Company dividends to First Federal MHC; competitive conditions in the financial services industry; changes in the level of inflation; changes in the demand for loans, deposits and other financial services that we provide; the possibility that future credit losses may be higher than currently expected; competitive pressures among financial services companies; the ability to attract, develop and retain qualified employees; our ability to maintain the security of our data processing and information technology systems; the outcome of pending or threatened litigation, or of matters before regulatory agencies; changes in law, governmental policies and regulations, rapidly changing technology affecting financial services, and the other matters mentioned in Item 1A of the Company's Annual Report on Form 10-K for the year ended June 30, 2024. and in this Form 10-Q. Except as required by applicable law or regulation, the Company does not undertake the responsibility, and specifically disclaims any obligation, to release publicly the result of any revisions that may be made to any forward-looking statements to reflect events or circumstances after the date of the statements or to reflect the occurrence of anticipated or unanticipated events.

General

The Company was incorporated as a mid-tier holding company under the laws of the United States on March 2, 2005, upon the completion of the reorganization of First Federal of Hazard into a federal mutual holding company form of organization (the "Reorganization"). On that date, Kentucky First Federal also completed its minority stock offering and its concurrent acquisition of Frankfort First Bancorp, Inc. ("Frankfort First Bancorp") and its wholly owned subsidiary, First Federal of Kentucky, Frankfort Kentucky ("First Federal of Kentucky") (the "Merger"). Following the Reorganization and Merger, the Company has operated First Federal of Hazard and First Federal of Kentucky (collectively, the "Banks") as two independent, community-oriented savings institutions.

On December 31, 2012, the Company acquired CKF Bancorp, Inc., a savings and loan holding company which operated three banking locations in Boyle and Garrard Counties in Kentucky. In accounting for the transaction, the assets and liabilities of CKF Bancorp were recorded on the books of First Federal of Kentucky in accordance with accounting standard ASC 805, Business Combinations.

Our results of operations are dependent primarily on net interest income, which is the difference between the income earned on our loans and securities and our cost of funds, consisting of the interest paid on deposits and borrowings. Results of operations are also affected by the provision for losses on loans and service charges and fees collected on our deposit accounts. Our general, administrative, and other expense primarily consists of employee compensation and benefits expense, occupancy and equipment expense, data processing expense, other operating expenses and state and federal income taxes. Results of operations are also significantly affected by general economic and competitive conditions, particularly changes in interest rates, government policies and actions of regulatory authorities.

Regulatory Developments Regarding First Federal of Kentucky

On August 13, 2024, First Federal of Kentucky entered into a formal written agreement (the "Agreement") with the OCC, which became effective as of the same date. The Agreement will remain effective until it is amended by First Federal of Kentucky and the OCC, or the OCC modifies, waives or terminates the Agreement. As a result of the Agreement, pursuant to 12 C.F.R. § 5.51(c)(7)(ii), First Federal of Kentucky is in "troubled condition," and is not an "eligible savings association" for purposes of 12 C.F.R. § 5.3, unless otherwise informed in writing by the OCC. In addition to the Agreement, the OCC has also imposed individual minimum capital requirements ("IMCRs") on First Federal of Kentucky. The IMCRs require First Federal of Kentucky to maintain a common equity tier 1 capital ratio of at least 9.0%, a tier 1 capital ratio of at least 11.0%, a total capital ratio of at least 12.0%, and a leverage ratio of at least 9.0%.

Under the terms of the Agreement, First Federal of Kentucky is required to take the following actions within the time frames specified in the Agreement:

- create a compliance committee composed of at least three of First Federal of Kentucky's directors to monitor and oversee First Federal of Kentucky's compliance with the provisions of the Agreement and submit quarterly evaluation reports to First Federal of Kentucky's board of directors regarding actions First Federal of Kentucky has taken to comply with the Agreement and the results and status of such actions;

- submit to the OCC, adopt and implement an acceptable revised written three-year strategic plan establishing objectives for First Federal of Kentucky's overall risk profile, balance sheet mix, funding structure, interest rate risk, liquidity and capital adequacy, earnings performance, and asset and core deposit growth, together with strategies to achieve those objectives;

- submit to the OCC, adopt and implement an acceptable revised written succession plan for First Federal of Kentucky that is designed to promote adequate staffing and continuity of capable management;

- adopt a revised written liquidity risk management program for First Federal of Kentucky that provides for the identification, measurement, monitoring, and control of First Federal of Kentucky's liquidity risk exposure, and that emphasizes the importance of cash flow projections, diversified funding sources, a cushion of highly liquid assets, robust liquidity stress testing scenario analyses, and a formal, well-developed contingency funding plan as primary tools for measuring and managing liquidity risk; and

- adopt a revised written interest rate risk program that includes risk management systems to identify, measure, monitor, and control interest rate risk.

The Agreement requires First Federal of Kentucky's Board to (i) ensure that First Federal of Kentucky timely adopts and implements all corrective actions required by the Agreement and (ii) verify that First Federal of Kentucky adheres to the corrective actions and that they are effective in addressing First Federal of Kentucky's deficiencies that resulted in the Agreement. First Federal of Kentucky's Board and management are committed to fully addressing the provisions of the Agreement within the required time frames. As of the date of this filing, First Federal of Kentucky's Board and management believe that First Federal of Kentucky has made progress toward addressing the deficiencies that resulted in the Agreement and intends to satisfy the Agreement's requirements as expeditiously as possible. For additional information, see Exhibit 10.1 to the Company Current Report on Form 8-K filed with the Securities and Exchange Commission on August 15, 2024 and Item 1A, "Risk Factors - *We are required to comply with the terms of a formal written agreement and IMCRs issued by the OCC, and lack of compliance could result in monetary penalties and /or additional regulatory actions*" and Note K - Stockholders' Equity and Regulatory Capital of the Notes to Consolidated Financial Statements included in Item 8 of the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on October 3, 2024.

Asset/Liability Management

Management and the boards of the subsidiary Banks are responsible for the asset/liability management issues that affect the individual Banks. Either Bank may work with its sister Bank to mitigate potential asset/liability risks to the Banks and to the Company as a whole. Management utilizes a third-party to perform interest rate risk ("IRR") calculations for each of the Banks. Management monitors and considers methods of managing the rate sensitivity and repricing characteristics of each of the Bank's balance sheet components to maintain acceptable levels of change in the economic value of equity ("EVE") as well as evaluating the impact on earnings in the event of changes in prevailing market interest rates. Interest rate sensitivity analysis is used to measure our interest rate risk by computing estimated changes in EVE that are a result of changes in the net present value of its cash flows from assets, liabilities, and off-balance sheet items. These changes in cash flow are estimated based on hypothetical instantaneous and permanent increases and decreases in market interest rates.

In March 2022 the Federal Open Market Committee ("FOMC") of the Federal Reserve Bank began raising the target range for the fed funds rate of interest and since that time has raised the short-term interest rate by 500 basis points. At September 30, 2023, we believe our risk associated with rising interest rates was moderate. Our IRR model indicated that at June 30, 2023, our EVE was approximately 16.5%, despite the historic interest rate increases during the previous twelve months. Although general General market participants believe that the FOMC will now pause continue interest rate increases for a period of time, our June 30, 2023 decreases. Our December 31, 2024 EVE is anticipated to be increase by approximately 14.6% 6.4% and 11.9% 4.8% under sudden and sustained increase decrease in prevailing market interest rates of 100 basis points and 200 basis points, respectively. The company continues to strive for acceptable EVE in both increasing and decreasing interest rate environments. Computations or prospective effects of hypothetical interest rate changes are based on numerous assumptions, including relative levels of market interest rates, loan prepayments, and deposit run-offs. These computations should not be relied upon as indicative of actual results. Further, the computations do not contemplate any actions the Banks may undertake in response to changes in interest rates. Certain shortcomings are inherent in this method of computing EVE. For example, although certain assets and liabilities may have similar maturities or periods to repricing, they may react in differing degrees to changes in market interest rates. The interest rates on certain types of assets and liabilities may fluctuate in advance of changes in market interest rates, while interest rates on other types may lag behind changes in market rates.

**Kentucky First Federal Bancorp**
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION**
**AND RESULTS OF OPERATIONS (continued)**

Average Balance Sheets

The following table represents the average balance sheets for the three-month six-month periods ended September 30, 2024 December 31, 2024 and 2023, along with the related calculations of tax-equivalent net interest income, net interest margin and net interest spread for the related periods.

| | Three Months Ended September 30, | | | | | | Six Months Ended December 31, | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2024 | | | 2023 | | | 2024 | | | 2023 | | |
| | Average Balance | Interest And Dividends | Yield/ Cost | Average Balance | Interest And Dividends | Yield/ Cost | Average Balance | Interest And Dividends | Yield/ Cost | Average Balance | Interest And Dividends | Yield/ Cost |
| | (Dollars in thousands) | | | | | | (Dollars in thousands) | | | | | |
| Interest-earning assets: | | | | | | | | | | | | |
| Loans [1] | $ 335,985 | $ 4,265 | 5.08 % | $ 318,541 | $ 3,459 | 4.34 % | $ 334,634 | $ 8,702 | 5.20 % | $ 321,103 | $ 7,087 | 4.41 % |
| Mortgage-backed securities | 9,714 | 81 | 3.34 | 11,924 | 99 | 3.32 | 9,422 | 157 | 3.33 | 11,572 | 191 | 3.30 |
| Other interest-earning assets | 20,062 | 274 | 5.46 | 11,878 | 176 | 5.93 | 19,630 | 544 | 5.54 | 13,424 | 383 | 5.71 |
| Total interest-earning assets | 365,761 | 4,620 | 5.05 | 342,343 | 3,734 | 4.36 | 363,686 | 9,403 | 5.17 | 346,099 | 7,661 | 4.43 |
| Less: Allowance for loan losses | (2,130 ) | | | (1,627 ) | | | | | | | | |
| Less: Allowance for credit losses | | | | | | | (2,134 ) | | | (1,840 ) | | |
| Non-interest-earning assets | 12,347 | | | 12,194 | | | 13,168 | | | 12,341 | | |
| Total assets | $ 375,978 | | | $ 352,910 | | | $ 374,720 | | | $ 356,600 | | |
| Interest-bearing liabilities: | | | | | | | | | | | | |
| Demand deposits | $ 15,731 | $ 9 | 0.23 % | $ 17,887 | $ 8 | 0.18 % | $ 15,624 | $ 18 | 0.23 % | $ 17,430 | $ 16 | 0.18 % |
| Savings | 48,292 | 50 | 0.41 | 56,332 | 57 | 0.41 | 49,117 | 100 | 0.41 | 55,427 | 112 | 0.40 |
| Certificates of deposit | 176,547 | 1,876 | 4.25 | 149,812 | 1,151 | 3.07 | 179,256 | 3,812 | 4.25 | 155,122 | 2,595 | 3.35 |
| Total deposits | 240,570 | 1,935 | 3.22 | 224,031 | 1,216 | 2.17 | 243,997 | 3,930 | 3.22 | 227,979 | 2,723 | 2.39 |
| Borrowings | 68,897 | 815 | 4.73 | 63,120 | 848 | 5.37 | 66,369 | 1,566 | 4.72 | 62,310 | 1,610 | 5.17 |
| Total interest-bearing liabilities | 309,467 | 2,750 | 3.55 | 287,151 | 2,064 | 2.87 | 310,366 | 5,496 | 3.54 | 290,289 | 4,333 | 2.99 |
| Noninterest-bearing demand deposits | 16,198 | | | 13,225 | | | 14,437 | | | 14,634 | | |
| Noninterest-bearing liabilities | 2,284 | | | 2,197 | | | 1,891 | | | 1,851 | | |
| Total liabilities | 327,949 | | | 302,573 | | | 326,694 | | | 306,774 | | |
| Shareholders' equity | 48,029 | | | 50,337 | | | 48,026 | | | 49,826 | | |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total liabilities and shareholders' equity | $ 375,978 | | | $ 352,910 | | | $ 374,720 | | | $ 356,600 | | |
| Net interest spread | | $ 1,870 | 1.50 % | | $ 1,670 | 1.49 % | | $ 3,907 | 1.63 % | | $ 3,328 | 1.44 % |
| Net interest margin | | | 2.05 % | | | 1.95 % | | | 2.15 % | | | 1.92 % |
| Average interest-earning assets to average interest-bearing liabilities | | | 118.19 % | | | 119.22 % | | | 117.18 % | | | 119.23 % |

1 Includes loan fees, immaterial in amount, in both interest income and the calculation of yield on loans. Also includes loans on nonaccrual status.

Kentucky First Federal Bancorp
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**

Average Balance Sheets (continued)

The following table represents the average balance sheets for the three-month periods ended December 31, 2024 and 2023, along with the related calculations of tax-equivalent net interest income, net interest margin and net interest spread for the related periods.

| | Three Months Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2024 | | | 2023 | | |
| | Average Balance | Interest And Dividends | Yield/ Cost | Average Balance | Interest And Dividends | Yield/ Cost |
| | (Dollars in thousands) | | | | | |
| Interest-earning assets: | | | | | | |
| Loans [1] | $ 333,761 | $ 4,437 | 5.32% | $ 324,221 | $ 3,628 | 4.48% |
| Mortgage-backed securities | 9,178 | 76 | 3.31 | 11,541 | 92 | 3.19 |
| Other securities | – | – | – | – | – | – |
| Other interest-earning assets | 19,376 | 271 | 5.60 | 15,009 | 207 | 5.52 |
| Total interest-earning assets | 362,315 | 4,784 | 5.28 | 350,771 | 3,927 | 4.48 |
| Less: Allowance for credit losses | (2,140) | | | (2,023) | | |
| Non-interest-earning assets | 13,828 | | | 12,136 | | |
| Total assets | $ 374,003 | | | $ 360,884 | | |
| Interest-bearing liabilities: | | | | | | |
| Demand deposits | $ 15,305 | 9 | 0.24 | $ 16,848 | $ 8 | 0.19% |
| Savings | 49,832 | $ 50 | 0.40% | 54,757 | 55 | 0.40 |
| Certificates of deposit | 181,207 | 1,936 | 4.27 | 153,964 | 1445 | 3.75 |
| Total deposits | 246,344 | 1,995 | 3.24 | 225,569 | 1,508 | 2.67 |
| Borrowings | 64,761 | 751 | 4.64 | 68,242 | 762 | 4.47 |
| Total interest-bearing liabilities | 311,105 | 2,746 | 3.53 | 293,811 | 2,270 | 3.09 |
| Noninterest-bearing demand deposits | 13,243 | | | 16,110 | | |
| Noninterest-bearing liabilities | 1,592 | | | 1,575 | | |
| Total liabilities | 325,940 | | | 311,496 | | |
| Shareholders' equity | 48,063 | | | 49,388 | | |
| Total liabilities and shareholders' equity | $ 374,003 | | | $ 360,884 | | |
| Net interest spread | | $ 2,038 | 1.75% | | $ 1,657 | 1.39% |
| Net interest margin | | | 2.25% | | | 1.89% |
| Average interest-earning assets to average interest-bearing liabilities | | | 116.46% | | | 119.39% |

1 Includes loan fees, immaterial in amount, in both interest income and the calculation of yield on loans. Also includes loans on nonaccrual status.

**Kentucky First Federal Bancorp**
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION**
**AND RESULTS OF OPERATIONS (continued)**

Discussion of Financial Condition Changes from June 30, 2024 to September 30, 2024 December 31, 2024

*Financial Position and Results of Operations*

At September 30, 2024 December 31, 2024 the Company and the Banks were considered well-capitalized with capital ratios in excess of regulatory requirements. However, an extended economic recession could adversely impact the Company's and the Banks' capital position and Company in its Current Report on Form 8-K filed on August 15, 2024, in addition to the formal written Agreement, the OCC has also imposed individual minimum capital requirements ("IMCRs") on First Federal Savings Bank of Kentucky. The IMCRs require First Federal Savings Bank of Kentucky to maintain a common equity tier 1 capital ratio of at least 9.0%, a tier 1 capital ratio of at least 11.0%, a total capital ratio of at least 12.0%, and a leverage ratio of at least 9.0%. As of September 30, 2024 December 31, 2024, First Federal Savings Bank of Kentucky's common equity tier 1 capital ratio was 16.11% 16.92%, its tier 1 capital ratio was 16.11% 16.92%, its total capital ratio was 16.11% 16.92%, and its leverage ratio was 10.07% 10.13%.

***Assets:*** At September 30, 2024 December 31, 2024, the Company's assets totaled $375.7 million $374.2 million, an increase a decrease of $682,000, $760,000, or 0.2%, from total assets at June 30, 2024, due primarily to the increase decrease in loans, held for sale, as well as an increase a decrease in cash and due from financial institutions securities available-for-sale of $963,000 $1.0 million or 50.3% 10.6%.

***Cash and cash equivalents:*** Cash and cash equivalents overall decreased $1.0 million increased $2.7 million or 5.6% 14.7% to $17.3 million $21.0 million at September 30, 2024 December 31, 2024. Most of the Company's company's cash and cash equivalents are held in interest-bearing demand deposits. deposits, although the company began utilizing fed funds sold more in the quarter ended December 31, 2024. Fed funds sold totaled $6.9 million at December 31, 2024, an increase of $6.2 million or 885.5%, compared to June 30, 2024.

***Investment securities:*** At September 30, 2024 December 31, 2024, our securities portfolio, which consisted of mortgage-backed securities, decreased $246,000 $1.0 million or 2.5% 10.6% and totaled $9.6 million $8.8 million, compared to June 30, 2024.

***Loans:*** Loans, net and loans held-for-sale in the aggregate increased $1.5 million decreased $2.8 million or 0.5% 0.8% and totaled $333.2 million $330.2 million and $1.5 million, $116,000, respectively at September 30, 2024 December 31, 2024. Loans receivable, net, increased decreased by $150,000 $2.8 million or 0.1% 0.7% to $333.2 million $330.2 million at September 30, 2024 December 31, 2024. Loans held-for-sale increased to $1.4 million $116,000 at September 30, 2024 December 31, 2024. Management continues to look for high-quality loans to add to its portfolio and will continue to emphasize loan originations to the extent that it is profitable, prudent and consistent with our interest rate risk strategies. Because market interest rates have become more favorable, the Company has had more success in selling mortgages into the secondary market, which has led to an increase in loans held-for-sale.

***Non-Performing and Classified Loans:*** At September 30, 2024 December 31, 2024, the Company had non-performing loans (loans 90 or more days past due or on nonaccrual status) of approximately $4.3 million $3.0 million, or 1.3% 0.9% of total loans compared to $3.9 million or 1.2%, of total loans at June 30, 2024. The Company's ACL totaled $2.1 million at September 30, 2024 December 31, 2024 and the ACL totaled $2.1 million at June 30, 2024, respectively. The ACL at September 30, 2024 December 31, 2024, represented 50.2% 70.9% of nonperforming loans and 0.6% of total loans, while at June 30, 2023 June 30, 2024, ALLL represented 54.6% of nonperforming loans and 0.6% of total loans.

The Company had $6.6 million $5.2 million in assets classified as substandard for regulatory purposes at September 30, 2024 December 31, 2024, including real estate owned ("REO") of $10,000. Classified loans as a percentage of total loans (including loans acquired) was 2.0% 1.6% and 2.1% at September 30, 2024 December 31, 2024 and June 30, 2024, respectively. Of substandard loans, 100.0% were secured by real estate on which the Banks have priority lien position.

The table below shows the aggregate amounts of our assets classified for regulatory purposes at the dates indicated:

| **(dollars in thousands)** | **September 30, 2024** | **June 30, 2024** | **December 31, 2024** | **June 30, 2024** |
|---|---|---|---|---|
| Substandard assets | $ 6,588 | $ 7,171 | $ 5,170 | $ 7,171 |
| Doubtful assets | – | – | – | – |
| Loss assets | – | – | – | – |
| REO | | | 10 | 10 |
| Total classified assets | $ 6,588 | $ 7,171 | $ 5,180 | $ 7,181 |

At September 30, 2024 December 31, 2024, the Company's real estate acquired through foreclosure represented 0.2% of substandard assets compared to 0.1% at June 30, 2024. During the period presented the Company made no loans to facilitate the purchase of its other real estate owned by qualified buyers. Loans to facilitate the sale of other real estate owned, which were included in substandard loans, totaled $0 and $0 at September 30, 2024 December 31, 2024 and June 30, 2024, respectively.

Discussion of Financial Condition Changes from June 30, 2024 to September 30, 2024 December 31, 2024 (continued)

The following table presents the aggregate carrying value of REO at the dates indicated:

| | September 30, 2024 | | June 30, 2024 | | December 31, 2024 | | June 30, 2024 | |
|---|---|---|---|---|---|---|---|---|
| | Number of Properties | Net Carrying Value | Number of Properties | Net Carrying Value | Number of Properties | Net Carrying Value | Number of Properties | Net Carrying Value |
| One- to four-family | 1 | $ 10 | 1 | $ 10 | | | | |
| One-to-four-family | | | | | 1 | $ 10 | 1 | $ 10 |
| Building lot | – | – | – | – | – | – | – | – |
| Total REO | **1** | **$ 10** | **1** | **$ 10** | **1** | **$ 10** | **1** | **$ 10** |

At September 30, 2024 December 31, 2024 and June 30, 2024, the Company had $785,000 $696,000 and $797,000 of loans classified as special mention, respectively. This category includes assets which do not currently expose us to a sufficient degree of risk to warrant classification, but does possess credit deficiencies or potential weaknesses deserving our close attention.

***Liabilities:*** Total liabilities increased $456,000, decreased $818,000, or 0.1% 0.3% to $327.4 million $326.2 million at September 30, 2024 December 31, 2024, as Federal Home Loan Bank advances increased $1.1 million decreased $7.2 million or 1.5% 10.4% to $70.1 million $61.8 million and advances to borrowers for taxes and insurance increased $333,000 decreased $703,000 or 36.6% 77.3%.

Certificates of deposit decreased $350,000 increased $10.3 million or 0.2% 5.9% and totaled $176.2 million $186.9 million at September 30, 2024 December 31, 2024, of which $46.0 million $44.0 million were brokered deposits. Demand deposit accounts decreased $753,000 $5.0 million or 2.3% 15.7% and totaled $31.4 million $27.1 million at quarter end. Savings accounts decreased $121,000 increased $1.6 million or 0.3% 3.4% and totaled $47.3 million $49.0 million at the end of the current period. The cost of liabilities has been increasing rapidly due Total deposits increased $6.9 million as the Company attempts to higher costs of both wholesale and retail funding. Continued increases in liability costs, especially for wholesale funds, will primarily be driven by future increases in market rates by the Federal Reserve. It is believed that we are near the peak of this rate cycle which, if so, will likely slow the increasing costs of our liabilities. reduce reliance on FHLB advances.

***Shareholders' Equity:*** At September 30, 2024 December 31, 2024, the Company's shareholders' equity totaled $48.2 million $48.1 million, a, an increase of $226,000 $58,000 or 0.5% 0.1% from the June 30, 2024. The increase in shareholders' equity was primarily associated with accumulated other comprehensive loss decreasing $226,000 $60,000 or 71.7% 17.9% from a loss of $336,000 at June 30, 2024 to a loss of $95,000 $276,000 at September 30, 2024 December 31, 2024.

On January 16, 2024, the Company announced the suspension of quarterly dividends indefinitely. Holders of our common stock are only entitled to receive such dividends as our Board of Directors may declare out of funds available for such payments under applicable law and regulatory guidance. We cannot predict when or whether the Company will be able to pay future common stock dividends and if so, the amount of any such common stock dividends. Our ability to pay future dividends and if so at what level will also be dependent on numerous factors, including: our ability to receive any required regulatory approval or non-objection to pay dividends or for the payment of dividends from First Federal Savings and Loan Association of Hazard and First Federal Savings Bank of Kentucky to the Company or from the Company to shareholders; our ability to fully and timely address the deficiencies that resulted in the Agreement that First Federal Savings Bank of Kentucky has entered into with the OCC; First Federal Savings Bank of Kentucky's ability to satisfy the IMCR's imposed by the OCC; the ability of First Federal MHC to receive approval of its members to waive the payment of any Company dividends to First Federal MHC; and our ability to successfully execute our strategy to increase earnings and core deposits, reduce reliance on higher cost funding sources and shift more of our loan portfolio towards higher-earning loans. See "Risk Factors" in Part II, Item 1A, of the Company's Annual Report on Form 10-K for the year ended June 30, 2024 for additional discussion regarding dividends.

Comparison of Operating Results for the Three-month Six-month Periods Ended September 30, 2024 December 31, 2024 and 2023

General

Net loss totaled $15,000 $2,000 or ($0.00) diluted earnings per share for the three six months ended September 30, 2024 December 31, 2024, an increase of $160,000 $534,000 or 91.4% 99.6% from net loss of $175,000 $536,000 or ($0.02) 0.07) diluted earnings per share for the same period in 2023. The decrease increase in net loss earnings for the quarter six-months ended September 30, 2024 December 31, 2024, was primarily attributable to increased net interest income, and higher non-interest income, which were partially offset by lower income tax benefit.

Net Interest Income

Net interest income increased $200,000 $579,000 or 12.0% 17.4% to $1.9 million $3.9 million due primarily to interest income increasing more than interest expense increased period to period. Interest income increased $886,000 $1.7 million or 23.7% 22.7%, while interest expense increased $686,000 $1.2 million or 33.2% 26.8% to $2.8 million $5.5 million for the recently-ended quarter. six-months recently ended. Over the last two years, the repricing of many of our assets has been slowed by contractual limits on rate changes, whereas the cost of most liabilities did not have this constraint. As market rates have steadied and even fallen slightly, the increase in cost of liabilities has slowed while we have begun to see our increase in interest income be greater than our increase in interest expense.

The average rate earned on interest-earning assets increased 69 74 basis points to 5.05% 5.17% and was the primary reason for the increase in interest income, although average interest-earning assets also increased $23.4 million $17.6 million or 6.8% 5.1% to $365.8 million $363.7 million for the recently-ended quarterly period. six months. The increase in interest income was due primarily to an increase of $806,000 $1.6 million or 23.3% 22.8% in interest income from loans, which totaled $4.3 million $8.7 million for the period.

The increase in interest income from loans period-to-period was due to increases in both the average balance of loans and the average rate earned on those loans. The average balance of loans increased $17.4 million $13.5 million or 5.5% 4.2% to $336.0 million $334.6 million for the three six months ended September 30, 2024 December 31, 2024, while the average rate increased 73 79 basis points to 5.08% 5.20%.

Although the average balance of interest-bearing liabilities increased $22.3 million $20.1 million or 7.8% 6.9% to $309.5 million $310.4 million for the quarter six months just ended, the average rate paid increased 68 56 basis points to 3.55% 3.54%. The cost of liabilities increased rapidly due to higher costs of both wholesale and retail funding. We The recent decrease in interest rates have seen interest rate changes slow and even decrease, allowing the repricing of allowed our liabilities to do the same. decline as well.

Net interest spread increased from 1.49% 1.44% for the prior year quarterly six-month period to 1.50% 1.63% for the three-month six-month period ended September 30, 2024 December 31, 2024.

Provision for Credit Losses

Management determined that a $15,000 provision for credit loss was prudent in light during the recently-ended six-month period.

Comparison of Operating Results for the slight Six-month Periods Ended December 31, 2024 and 2023 (continued)

Non-interest Income

Non-interest income increased $187,000 or 154.5% to $308,000 for the six-months ended December 31, 2024 compared to the prior year period, primarily because of an increase in net gains from sale of loans of $135,000 or 2250.0%. Recently, the loan portfolio market has become more conducive to the sale of fixed rate mortgages to the secondary market.

Non-interest Expense

Non-interest expense increased $83,000 or 2.0% to $4.22 million for the six months ended December 31, 2024, primarily due to higher other non-interest expense due mostly to increased legal expenses.

Income Tax

Income tax benefit decreased $149,000 or 92.0% to an income tax benefit of $2,000 for the six months ended December 31, 2024, compared to the prior year period due to decreased losses. The effective tax rates for the six-month periods ended December 31, 2024 and 2023 were 86.7% and 23.2%, respectively. Included in net income is earnings of $43,000 on bank-owned life insurance which is non-taxable.

Comparison of Operating Results for the Three-month Periods Ended December 31, 2024 and 2023

General

Net income totaled $13,000 or $0.00 diluted earnings per share for the three months ended December 31, 2024, an increase of $374,000 or 103.6% from net loss of $361,000 or $(0.05) diluted earnings per share for the same period in 2023. The increase in net earnings for the quarter ended December 31, 2024, was primarily attributable to higher net interest income, and higher non-interest income, which were partially offset by lower income taxes.

Net Interest Income

Net interest income increased $381,000 or 23.0% to $2.0 million due primarily to interest income increasing more than interest expense increased period to period. Interest income increased $857,000 or 21.8%, while interest expense increased $476,000 or 21.0% to $2.7 million for the recently-ended quarter. During the unprecedented interest rate increases seen in the market starting March 2022, our funding sources repriced more quickly than our assets repriced, due to being liability sensitive and restrictions on maximum asset repricing amounts. As rates have begun to plateau or even decrease, our assets have started to reprice more quickly than our liabilities.

The average rate earned on interest-earning assets increased 80 basis points to 5.28% and was the primary reason for the increase in interest income, although average interest-earning assets also increased $11.5 million or 3.3% to $362.3 million for the recently-ended quarterly period. The increase in interest income was due primarily to an increase of $809,000 or 22.3% in interest income from loans, which totaled $4.4 million for the period.

The increase in interest income from loans period-to-period was due to increases in both the average balance of loans and the average rate earned on those loans. The average balance of loans increased $9.5 million or 2.9% to $333.8 million for the three months ended December 31, 2024, while the average rate increased 84 basis points to 5.32%.

The average balance of interest-bearing liabilities increased $17.3 million or 5.9% to $311.1 million for the quarter just ended, and the average rate paid increased 44 basis points to 3.53%. The cost of liabilities increased rapidly due to higher costs of both wholesale and retail funding.

Net interest spread increased from 1.39% for the prior year quarterly period to 1.75% for the three-month period ended December 31, 2024.

Provision for Credit Losses

Management determined that no provision for credit loss was prudent due to our current expected credit loss analysis performed during the recently-ended quarter.

Comparison of Operating Results for the Three-month Periods Ended September 30, 2024 December 31, 2024 and 2023 (continued)

Non-interest Income

Non-interest income increased $63,000 $125,000 or 85.1% 271.7% to $137,000 $171,000 for the recently ended quarter primarily due to increased net gain of sale on loans, increasing $74,000 or 1057.1% for the three months ended September 30, 2024, compared recently ended. Recently, the market has become more conducive to the prior year period, primarily because sale of an increase in net gains on sales of loans as the demand for fixed rate loans has increased in mortgages to the quarter recently ended. secondary market.

Non-interest Expense

Non-interest expense increased $31,000 $54,000 or 1.6% 2.5% and totaled $2.0 million $2.2 million for the three months ended September 30, 2024 December 31, 2024, primarily due to increased data processing charges and increased FDIC insurance premiums.
Data processing costs increased $31,000 or 23.3% and totaled $164,000 other non-interest expense increasing $123,000 due to higher fees associated with expanded technology services offered to customers.
FDIC insurance premiums increased $28,000 or 80.0% and totaled $63,000 due to overall higher rates. First Federal Savings Bank of Kentucky also expects higher FDIC insurance costs due to the Agreement with the OCC. The continued use of brokered deposits will also cause increased FDIC insurance costs. legal expense.

Income Tax Benefit

Income tax taxes benefit decreased $63,000 $87,000 or 91.3% 92.6% from a benefit of $69,000 $94,000 for the three months ended September 30, 2023 December 31, 2023, to a benefit of $6,000 $7,000 for the recently-ended period. The effective tax rates for the three-month periods ended September 30, 2024 December 31, 2024 and 2023, were 28.6% -116.7% and 28.3% 20.7%, respectively. Included in net income is earnings of $22,000 on bank-owned life insurance which is non-taxable.

**ITEM 3: Quantitative and Qualitative Disclosures About Market Risk**

This item is not applicable as the Company is a smaller reporting company.

**ITEM 4: Controls and Procedures**

The Company's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures (as defined under Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report, and have concluded that the Company's disclosure controls and procedures were effective for the purpose of ensuring that the information required to be disclosed in the reports that the Company files or submits under the Exchange Act with the Securities and Exchange Commission (the "SEC") (1) is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (2) is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Based upon their evaluation, the Company's Chief Executive Officer and Chief Financial Officer have also concluded that there were no significant changes during the quarter ended September 30, 2024 December 31, 2024 in the Company's internal control over financial reporting or in other factors that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

**ITEM 1. Legal Proceedings**

None.

**ITEM 1A. Risk Factors**

Please see "Item 1A. Risk Factors" of the Company's Annual Report on Form 10-K for the year ended June 30, 2024 for information regarding risk factors that could materially affect the Company's business, financial condition, or future results of operations. Other than as set forth below, there have been changes with regard to the risk factors disclosed in "Item 1A. Risk Factors" of the Company's Annual Report on Form 10-K for the year ended June 30, 2024.

***On January 16, 2024, we announced that the Board had determined to suspend the payment of dividends indefinitely. Our ability to pay future dividends, and the amount that may be paid, is subject to a number of factors, including our ability to fully and timely address the deficiencies that resulted in the formal Agreement that First Federal Savings Bank of Kentucky has entered into with the OCC and the satisfaction of individual minimum capital ratio requirements imposed by the OCC. Our ability to pay future dividends is also subject to our ability to receive any required regulatory approval or non-objection to pay dividends to our shareholders, the ability of First Federal of Hazard and First Federal of Kentucky to make capital distributions to Kentucky First Federal and in order for Kentucky First Federal MHC to received regulatory declare and member approval of the waiver of the receipt of pay dividends by First Federal MHC. to its shareholders.***

On January 16, 2024, the Company announced the suspension of quarterly dividends indefinitely. Holders of our common stock are only entitled to receive such dividends as our Board of Directors may declare out of funds available for such payments under applicable law and regulatory guidance. We cannot predict when or whether the Company will be able to pay future common stock dividends and if so, the amount of any such common stock dividends. Our ability to pay future dividends and if so at what level will also be dependent on numerous factors, including: our ability to receive any required regulatory approval or non-objection for the payment of to pay dividends to our shareholders; our ability to receive regulatory approval or non-objection to pay dividends from First Federal Savings and Loan Association of Hazard and First Federal Savings Bank of Kentucky to the Company or from in order for the Company to pay dividends to shareholders; our ability to fully and timely address the deficiencies that resulted in the formal Agreement that First Federal Savings Bank of Kentucky has entered into with the OCC; First OCC on August 13, 2024, or any other deficiencies identified by the OCC or the Federal Savings Reserve Bank of Kentucky's ability to satisfy the IMCR's imposed by the OCC; the ability of First Federal MHC to receive approval of its members to waive the payment of any Company dividends to First Federal MHC; and Cleveland; our ability to successfully execute our strategy to increase earnings and core deposits, reduce reliance on higher cost funding sources and shift more of our loan portfolio towards higher-earning loans. loans; and First Federal Savings Bank of Kentucky's ability to satisfy the IMCR's imposed by the OCC, which require First Federal Savings Bank of Kentucky to maintain a common equity tier 1 capital ratio of at least 9.0%, a tier 1 capital ratio of at least 11.0%, a total capital ratio of at least 12.0%, and a leverage ratio of at least 9.0%. As of December 31, 2024, the Bank's common equity tier 1 capital ratio was _______%, its tier 1 capital ratio was _______%, its total capital ratio was _______%, and its leverage ratio was ______%. For additional information on the formal Agreement that First Federal Savings Bank of Kentucky has entered into with the OCC and the IMCR's imposed on First Federal Savings Bank of Kentucky's Kentucky by the OCC, please see "Management's Discussion and Analysis—Regulatory Developments Regarding First Federal of Kentucky."

Additionally, to address concerns with respect to the conflict of interest created by dividend waivers, Regulation MM requires the board of directors of a mutual holding company, such as First Federal MHC, adopt a resolution that describes the conflict of interest that exists because of a director's ownership of stock in the subsidiary declaring the dividends and any actions***As the mutual holding company board and majority shareholder of Kentucky First Federal Bancorp, First Federal MHC must receive the approval of the Federal Reserve Board and the members of First Federal MHC in order to waive the receipt of any dividends declared and paid by Kentucky First Federal Bancorp to its shareholders. While Kentucky First Federal has previously received such approvals, those approvals have taken to eliminate the conflict of interest, such as the directors' waiving their right expired. The inability to receive dividends. Also, those approvals in the resolution must contain an affirmation that a majority of future would adversely impact Kentucky First Federal's ability to pay dividends to its shareholders in the mutual members eligible to vote have, within the 12 months prior to the declaration date of the dividend, voted to approve the waiver of dividends. future.***

In previous years, First Federal MHC has received Federal Reserve Board approval to waive quarterly dividends otherwise payable by the Company totaling $0.40 per share annually beginning with the dividend paid on September 28, 2012 and continuing through the dividend payable in the third quarter of 2024. However, First Federal MHC did not seek to obtain regulatory approval to waive dividends for periods after the third quarter of 2024, and the prior Federal Reserve Boad approval to waive the payment of quarterly dividends that would otherwise be payable to First Federal MHC has expired. To the extent the Company resumes the payment of dividends in future periods, it is expected that First Federal MHC will again waive future dividends, except to the extent dividends are needed to fund First Federal MHC's continuing operations, subject to the ability of First Federal MHC to obtain regulatory approval of its requests to waive dividends and to its ability to obtain member approval of dividend waivers. We cannot predict whether members will continue to approve annual dividend waiver requests or whether the Federal Reserve Board will grant future dividend waiver requests and, if granted, there can be no assurance as to the conditions, if any, the Federal Reserve Board will place on future dividend waiver requests by grandfathered mutual holding companies such as First Federal MHC. If First Federal MHC is unable to waive the receipt of dividends, the Company's ability to pay dividends to our stockholders may be substantially impaired and the amounts of any such dividends may be significantly reduced.

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

(c) The following table sets forth information regarding Company's repurchases of its common stock during the quarter ended September 30, 2024 December 31, 2024.

| Period | Total # of shares purchased | Average price paid per share (including commissions) | Total # of shares purchased as part of publicly announced plans or programs | Maximum # of shares that may yet be purchased under the plans or programs |
|---|---|---|---|---|
| July 1–31, 2024 | – | $ – | – | – |
| August 1–31, 2024 | – | $ – | – | – |
| September 1–30, 2024 | – | $ – | – | – |

| Period | Total # of shares purchased | Average price paid per share (including commissions) | Total # of shares purchased as part of publicly announced plans or programs | Maximum # of shares that may yet be purchased under the plans or programs |
|---|---|---|---|---|
| October 1-31, 2024 | – | $ – | – | – |
| November 1-30, 2024 | – | $ – | – | – |
| December 1-31, 2024 | – | $ – | – | – |

(1) On May 18, 2023, the Company announced that it had substantially completed its program to repurchase up to 150,000 shares of its Common Stock, which was initiated on February 3, 2021.

**ITEM 3. Defaults Upon Senior Securities**

Not applicable.

**ITEM 4. Mine Safety Disclosures.**

Not applicable.

**ITEM 5. Other Information**

During the fiscal quarter ended September 30, 2024 December 31, 2024, none of our directors or officers informed us of the adoption or termination of a "Rule 10b5-1 trading arrangement or "non-Rule 10b5-1 trading arrangement," as those terms are defined in Item 408 of Regulation S-K.

**ITEM 6. Exhibits**

| | |
|---|---|
| 3.1[1] | Charter of Kentucky First Federal Bancorp |
| 3.2[2] | Bylaws of Kentucky First Federal Bancorp, as amended and restated |
| 3.3[3] | Amendment No. 1 to the Bylaws of Kentucky First Federal Bancorp |
| 3.4[4] | Amendment No. 2 to the Bylaws of Kentucky First Federal Bancorp |
| 3.4[5] | Amendment No. 3 to the Bylaws of Kentucky First Federal Bancorp |
| 4.1[1] | Specimen Stock Certificate of Kentucky First Federal Bancorp |
| 10.1[6] | Formal Written Agreement, dated August 13, 2024, between First Federal Savings Bank of Kentucky and the Office of the Comptroller of the Currency |
| 31.1 | CEO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 31.2 | CFO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 32.1 | CEO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 32.2 | CFO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 101.0 | The following materials from Kentucky First Federal Bancorp's Quarterly Report On Form 10-Q for the quarter ended September 30, 2024 December 31, 2024 formatted in Extensible Business Reporting Language (XBRL): (i) the Condensed Consolidated Balance Sheets; (ii) the Condensed Consolidated Statements of Operations; (iii) the Condensed Consolidated Statements of Comprehensive Income; (iv) the Consolidated Statements of Changes in Shareholders' Equity; (v) the Condensed Consolidated Statements of Cash Flows: and (vi) the related Notes. Notes to the Consolidated Financial Statements. |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101). |

(1) Incorporated herein by reference to the Company's Registration Statement on Form S-1 (File No. 333-119041).

(2) Incorporated herein by reference to the Company's Annual Report on Form 10-K for the Year Ended June 30, 2012 (File No. 0-51176).

(3) Incorporated herein by reference to the Company's Current Report on Form 8-K filed August 25, 2017 (File No. 0-51176).

(4) Incorporated herein by reference to the Company's Current Report on Form 8-K filed September 28, 2020 (File No. 0-51176).

(5) Incorporated herein by reference to the Company's Current Report on Form 8-K filed February 2, 2022 (File No. 51176).

(6) Incorporated herein by reference to the Company's Form 8-K filed on August 15, 2024 (File No. 000-51176).

Kentucky First Federal Bancorp

**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.

KENTUCKY FIRST FEDERAL BANCORP

Date: November February 14, 2024 2025

By: /s/ Don D. Jennings
Don D. Jennings
Chief Executive Officer

Date: November February 14, 2024 2025

By: /s/ Tyler W. Eades
Tyler W. Eades
Vice President and Chief Financial Officer



Exhibit 31.1

**CERTIFICATION**

I, Don D. Jennings, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Kentucky First Federal Bancorp;

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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) 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

(d) 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 (or persons performing the equivalent functions):

(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: November 14, 2024 February 14, 2025

/s/ Don D. Jennings
Don D. Jennings
Chief Executive Officer

Exhibit 31.2

**CERTIFICATION**

I, Tyler W. Eades, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Kentucky First Federal Bancorp

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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) 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

(d) 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 (or persons performing the equivalent functions):

(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: November 14, 2024 February 14, 2025

/s/ Tyler W. Eades

Tyler W. Eades
Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Kentucky First Federal Bancorp (the “Company” "Company") on Form 10-Q for the period ended September 30, 2024 December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report” "Report"), I, Don D. Jennings, the Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 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 result of operations of the Company.

/s/ Don D. Jennings

Don D. Jennings
Chief Executive Officer
November February 14, 2024 2025

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Kentucky First Federal Bancorp (the “Company” "Company") on Form 10-Q for the period ended September 30, 2024 December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report” "Report"), I, Tyler W. Eades, the Treasurer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 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 result of operations of the Company.

/s/ Tyler W. Eades

Tyler W. Eades
Vice President and Chief Financial Officer
November February 14, 2024 2025

**DISCLAIMER**