



Quarterly Financial Statements
March 31, 2024

OCONEE FEDERAL FINANCIAL CORP.
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share and per share data)

	March 31, 2024 (unaudited)	June 30, 2023
ASSETS		
Cash and due from banks	\$ 9,196	\$ 4,655
Interest-earning deposits	3,586	2,509
Fed funds sold	566	130
Total cash and cash equivalents	13,348	7,294
Securities available-for-sale	133,088	133,248
Loans	473,098	413,024
Allowance for loan losses ⁽¹⁾	(3,332)	(1,489)
Net loans	469,766	411,535
Premises and equipment, net	9,138	8,412
Accrued interest receivable		
Loans	1,662	1,192
Investments	351	410
Restricted equity securities, at cost	3,539	2,821
Bank owned life insurance	21,267	20,873
Goodwill	2,593	2,593
Core deposit intangible	71	22
Loan servicing rights	361	357
Deferred tax assets	7,093	5,997
Other assets	970	651
Total assets	\$ 663,247	\$ 595,405
LIABILITIES		
Deposits		
Noninterest - bearing	\$ 70,655	\$ 55,618
Interest - bearing	457,838	418,625
Total deposits	528,493	474,243
Federal Home Loan Bank advances	52,450	46,000
Accrued interest payable and other liabilities	4,346	3,373
Total liabilities	585,289	523,616
SHAREHOLDERS' EQUITY		
Common stock, \$0.01 par value, 100,000,000 shares authorized; 6,836,863 and 6,606,648 shares issued and outstanding, respectively	68	66
Treasury stock, at par, 998,453 and 997,396 shares, respectively	(10)	(10)
Additional paid-in capital	9,357	6,122
Retained earnings ⁽¹⁾	85,932	83,897
Accumulated other comprehensive loss	(17,389)	(18,286)
Total shareholders' equity	77,958	71,789
Total liabilities and shareholders' equity	\$ 663,247	\$ 595,405

- (1) Oconee Federal adopted ASU 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" on July 1, 2023. This resulted in an increase in the Allowance for Loan loss and the Reserve for Unfunded Commitments of \$1.2 million and a tax effected reduction of Retained Earnings of \$816 thousand.
- (2) On January 31, 2024 Oconee Federal ("the Company") completed its acquisition of Mutual Savings Bank. The Company issued 230,215 shares of its common stock to Oconee Federal, MHC, or \$3.2 million which is equal to the fair value of Mutual as determined by a third-party appraisal. The acquisition increased the Company's consolidated assets to approximately \$660 million at time of acquisition. In connection with the acquisition, the Company recorded a bargain purchase gain of \$3.9 million during the quarter ended March 31, 2024, which is included in non-interest income. The bargain purchase gain represents the excess of the estimated fair value of the assets acquired over the estimated fair value of the liabilities assumed and is influenced significantly by the value determined by the third-party appraisal. The assets acquired and liabilities assumed and consideration paid in the acquisition were initially recorded at their estimated fair values based on management's best estimates using information available at the date of the acquisition, and are subject to adjustment for up to one year after the closing date of the acquisition. The most significant fair value mark was the loan portfolio at \$3.4 million. The acquisition also contributed to an increase in the loan loss allowance of \$454 thousand as of the date of acquisition.

OCONEE FEDERAL FINANCIAL CORP.
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME/(LOSS)
(Unaudited)

(Amounts in thousands, except share and per share data)

	Three Months Ended		Nine Months Ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Interest and dividend income:				
Loans, including fees	\$ 5,441	\$ 4,069	\$ 14,736	\$ 11,521
Securities, taxable	787	762	2,248	2,290
Securities, tax-exempt	37	38	113	117
Other interest-earning assets	124	81	291	132
Total interest income	<u>6,389</u>	<u>4,950</u>	<u>17,388</u>	<u>14,060</u>
Interest expense:				
Deposits	2,471	1,184	6,604	1,805
Other borrowings	718	372	2,017	685
Total interest expense	<u>3,189</u>	<u>1,556</u>	<u>8,621</u>	<u>2,490</u>
Net interest income	3,200	3,394	8,767	11,570
Provision for loan losses	160	50	160	150
Net interest income after provision for loan losses	<u>3,040</u>	<u>3,344</u>	<u>8,607</u>	<u>11,420</u>
Noninterest income:				
Service charges on deposit accounts	129	106	354	329
Income on bank owned life insurance	141	127	394	356
Mortgage servicing income	16	22	53	66
Gain on sale of mortgage loans	7	-	30	12
ATM & debit card income	113	116	351	341
Change in fair value of equity securities, net	41	4	75	(1)
Loss on sale of securities, net	-	-	-	(84)
Gain on payoff of purchase credit impaired loans	-	51	-	240
Bargain purchase gain	3,867	-	3,867	-
Other	6	7	92	15
Total noninterest income	<u>4,320</u>	<u>433</u>	<u>5,216</u>	<u>1,274</u>
Noninterest expense:				
Salaries and employee benefits	1,875	1,730	4,971	4,980
Occupancy and equipment	436	460	1,273	1,427
Data processing	267	297	815	836
ATM & debit card expense	90	101	281	260
Professional and supervisory fees	120	121	326	355
Merger related expense	228	-	329	-
Office expense	51	42	164	156
Advertising	44	59	110	190
FDIC deposit insurance	73	38	205	108
Foreclosed assets, net	1	(37)	1	(36)
Change in loan servicing asset	23	(22)	21	(41)
Other	144	191	519	587
Total noninterest expense	<u>3,352</u>	<u>2,980</u>	<u>9,015</u>	<u>8,822</u>
Income before income taxes	4,008	797	4,808	3,872
Income tax expense	84	169	252	809
Net income	<u>\$ 3,924</u>	<u>\$ 628</u>	<u>\$ 4,556</u>	<u>\$ 3,063</u>
Other comprehensive income/(loss)				
Unrealized (losses)/gains on securities available-for-sale	\$ (1,536)	\$ 2,378	\$ 1,135	\$ (4,056)
Tax effect	323	(501)	(238)	851
Reclassification adjustment for losses realized in net income	-	-	-	84
Tax effect	-	-	-	(18)
Total other comprehensive (loss)/income	<u>(1,213)</u>	<u>1,877</u>	<u>897</u>	<u>(3,139)</u>
Comprehensive income/(loss)	<u>\$ 2,711</u>	<u>\$ 2,505</u>	<u>\$ 5,453</u>	<u>\$ (76)</u>
Basic net income per share	\$ 0.57	\$ 0.11	\$ 0.69	\$ 0.55
Diluted net income per share	\$ 0.57	\$ 0.11	\$ 0.69	\$ 0.55
Dividends declared per share:	\$ 0.10	\$ 0.10	\$ 0.30	\$ 0.30