Dear Stockholder:

I'm pleased to report that 2018 marked a year of progressive quarter-to-quarter earnings improvement and balance sheet management that enabled enhanced capital ratios at fiscal year-end, a trend that continued through the first quarter of fiscal 2019.

As a community bank serving our sixth generation of customers, we use our local expertise to prudently grow and manage our loan portfolio with opportunities unique to our Madison/Dane County market. Our loan quality continues to be strong; non-current loans remained low by industry standards and we had no foreclosed assets at year-end for the third consecutive year.

We remain committed to expense control while selectively investing in the technologies, product enhancements, and delivery systems demanded in today's market.

Home Savings Bank has proudly served our community since 1895. Madison and Dane County are vibrant, growing, and robust. Our market offers a wealth of opportunities for continued growth and success for a bank with our local expertise. We continue to be the only bank headquartered in Dane County with an Outstanding rating by the FDIC for our community reinvestment activities; a rating we've proudly held since 1997. The rating is an important indicator of our local knowledge and proactive investment in our market.

Our Board, bank leadership, and all bank associates are committed to the qualities of personalized service, responsiveness, and resilience that have enabled our 124 year history. As we transition to 2019, we are energized by the opportunities ahead to continue enhancing shareholder value.

Thank you for your interest and investment in Home Bancorp Wisconsin, Inc.

Jim Bradley
President/CEO

January 22, 2019

Dear Stockholder:

We cordially invite you to attend the Annual Meeting of Stockholders of Home Bancorp Wisconsin, Inc. The Annual Meeting will be held at the Home Savings Bank office located at 3762 East Washington Avenue, Madison, Wisconsin 53704 on February 26, 2019, at 2:00 p.m., local time.

The enclosed Notice of Annual Meeting and Proxy Statement describe the formal business to be transacted. During the Annual Meeting we will also report on the operations of Home Bancorp Wisconsin, Inc. Also enclosed for your review is our 2018 Annual Report to Stockholders, which contains information concerning our activities and operating performance.

The business to be conducted at the Annual Meeting consists of (i) the election of two directors and (ii) the ratification of the appointment of CliftonLarsonAllen LLP as independent registered public accounting firm for the year ending September 30, 2019. The Board of Directors has determined that the matters to be considered at the Annual Meeting are in the best interest of Home Bancorp Wisconsin, Inc. and its stockholders, and the Board of Directors unanimously recommends a vote "FOR" each matter to be considered.

On behalf of the Board of Directors, we urge you to sign, date and return the enclosed proxy card as soon as possible, even if you currently plan to attend the Annual Meeting. You may also vote by internet or by telephone using the instructions provided on the enclosed proxy card. This will not prevent you from voting in person, but will assure that your vote is counted if you are unable to attend the Annual Meeting. Your vote is important, regardless of the number of shares that you own.

Sincerely,

James R. Bradley
President and Chief Executive Officer

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Home Bancorp Wisconsin, Inc.

3762 East Washington Avenue
Madison, Wisconsin 53704
(608) 282-6000

NOTICE OF
ANNUAL MEETING OF STOCKHOLDERS
To Be Held On February 26, 2019

Notice is hereby given that the Annual Meeting of Stockholders of Home Bancorp Wisconsin, Inc. (the "Annual Meeting") will be held at the Home Savings Bank office located at 3762 East Washington Avenue, Madison, Wisconsin 53704 on February 26, 2019, at 2:00 p.m., local time.

A Proxy Card and Proxy Statement for the Annual Meeting are enclosed. The Annual Meeting is for the purpose of considering and acting upon:

1. the election of two directors;

2. the ratification of the appointment of CliftonLarsonAllen LLP as independent registered public accounting firm for the fiscal year ending September 30, 2019; and

such other matters as may *properly* come before the Annual Meeting, or any adjournments thereof. The Board of Directors is not aware of any other business to come before the Annual Meeting.

Any action may be taken on the foregoing proposals at the Annual Meeting on the date specified above, or on the date or dates to which the Annual Meeting may be adjourned. Stockholders of record at the close of business on December 28, 2018 are the stockholders entitled to vote at the Annual Meeting and any adjournments thereof.

EACH STOCKHOLDER, WHETHER HE OR SHE PLANS TO ATTEND THE ANNUAL MEETING, IS REQUESTED TO SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD WITHOUT DELAY IN THE ENCLOSED POSTAGE-PAID ENVELOPE. ANY PROXY GIVEN BY THE STOCKHOLDER MAY BE REVOKED AT ANY TIME BEFORE IT IS VOTED. A PROXY MAY BE REVOKED BY FILING WITH THE SECRETARY OF HOME BANCORP WISCONSIN, INC. A WRITTEN REVOCATION OR A DULY EXECUTED PROXY CARD BEARING A LATER DATE. ANY STOCKHOLDER PRESENT AT THE ANNUAL MEETING MAY REVOKE HIS OR HER PROXY AND VOTE PERSONALLY ON EACH MATTER BROUGHT BEFORE THE ANNUAL MEETING. HOWEVER, IF YOU ARE A STOCKHOLDER WHOSE SHARES ARE NOT REGISTERED IN YOUR OWN NAME, YOU WILL NEED ADDITIONAL DOCUMENTATION FROM YOUR RECORD HOLDER IN ORDER TO VOTE IN PERSON AT THE ANNUAL MEETING.

By Order of the Board of Directors
Deborah M. Fox-Schroeder
Deborah Fox-Schroeder
Corporate Secretary

Madison, Wisconsin
January 22, 2019

IMPORTANT: THE PROMPT RETURN OF PROXIES WILL SAVE THE EXPENSE OF FURTHER REQUESTS FOR PROXIES. A SELF-ADDRESSED ENVELOPE IS ENCLOSED FOR YOUR CONVENIENCE. NO POSTAGE IS REQUIRED IF MAILED WITHIN THE UNITED STATES.

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PROXY STATEMENT

Home Bancorp Wisconsin, Inc.

3762 East Washington Avenue
Madison, Wisconsin 53704
(608) 282-6000

ANNUAL MEETING OF STOCKHOLDERS

February 26, 2019

This Proxy Statement is furnished in connection with the solicitation of proxies on behalf of the Board of Directors of Home Bancorp Wisconsin, Inc. to be used at the Annual Meeting of Stockholders (the "Annual Meeting"), which will be held at the Home Savings Bank office located at 3762 East Washington Avenue, Madison, Wisconsin 53704 on February 26, 2019, at 2:00 p.m., local time, and all adjournments of the Annual Meeting. The accompanying Notice of Annual Meeting of Stockholders and this Proxy Statement are first being mailed to stockholders on or about January 22, 2019.

REVOCATION OF PROXIES

Stockholders who execute proxies in the form solicited hereby retain the right to revoke them in the manner described below. Unless so revoked, the shares represented by such proxies will be voted at the Annual Meeting and all adjournments thereof. Proxies solicited on behalf of the Board of Directors of Home Bancorp Wisconsin, Inc. will be voted in accordance with the directions given thereon. **Please sign and return your proxy card in the postage paid envelope provided. Where no instructions are indicated on the proxy card, signed proxies will be voted "FOR" the election of the nominees for director named herein and "FOR" the ratification of the appointment of CliftonLarsonAllen LLP as our independent registered public accountants for the fiscal year ending September 30, 2019.**

Proxies may be revoked by sending written notice of revocation to the Secretary of Home Bancorp Wisconsin, Inc. at the address shown above, or by filing a duly executed proxy bearing a later date or by following the internet or telephone instructions on the enclosed proxy card or by voting in person at the Annual Meeting. The presence at the Annual Meeting of any stockholder who had given a proxy shall not revoke such proxy unless the stockholder delivers his or her ballot in person at the Annual Meeting or delivers a written revocation to our Secretary prior to the voting of such proxy.

VOTING SECURITIES AND PRINCIPAL HOLDERS

Except as otherwise noted below, holders of record of Home Bancorp Wisconsin, Inc.'s shares of common stock, par value $0.01 per share, as of the close of business on December 28, 2018 are entitled to one vote for each share then held. As of December 28, 2018, there were 899,190 shares of common stock issued and outstanding.

Limitations on Voting

In accordance with the provisions of our Articles of Incorporation, record holders of common stock for a beneficial owner that beneficially owns in excess of 10% of the outstanding shares of common stock (the "Limit") are not entitled to any vote with respect to the shares held in excess of the Limit. Our Articles of Incorporation authorize the Board of Directors (i) to make all determinations necessary to implement and apply the Limit, including determining whether persons or entities are acting in concert, and (ii) to demand that any person who is reasonably believed to own beneficially stock in excess of the Limit supply information to us to enable the Board of Directors to implement and apply the Limit.

Stock Ownership

As of December 28, 2018, our directors and executive officers as a group beneficially owned 31,373 shares of our common stock, or approximately 3.5% of the 899,190 shares of common stock issued and outstanding as of that date.

Quorum

The presence in person or by proxy of a majority of the outstanding shares of common stock entitled to vote is necessary to constitute a quorum at the Annual Meeting. Abstentions and broker non-votes will be counted for purposes of determining that a quorum is present.

Method of Counting Votes

As to the election of directors, the proxy card being provided by the Board of Directors enables a stockholder to vote FOR ALL NOMINEES proposed by the Board, to WITHHOLD AUTHORITY FOR ALL NOMINEES or to vote FOR ALL EXCEPT one or more of the nominees being proposed. Directors are elected by a plurality of votes cast, without regard to either broker non-votes or proxies as to which the authority to vote for a nominee being proposed is withheld. Plurality means that individuals who receive the highest number of votes cast are elected.

As to the ratification of the appointment of CliftonLarsonAllen LLP as our independent registered public accounting firm, by checking the appropriate box, a stockholder may: (i) vote FOR the ratification; (ii) vote AGAINST the ratification; or (iii) ABSTAIN from voting on such ratification. The affirmative vote of a majority of the votes cast on the matter at the Annual Meeting, without regard to broker non-votes or shares as to which the "ABSTAIN" box has been selected on the proxy card, is required for the ratification of CliftonLarsonAllen LLP as the independent registered public accounting firm for the fiscal year ending September 30, 2019.

In the event that at the time of the Annual Meeting there are not sufficient votes for a quorum or to approve or ratify any matter being presented, the Annual Meeting may be adjourned in order to permit the further solicitation of proxies.

Participants in the ESOP and 401(k) Plan

Participants in the Home Savings Bank Employee Stock Ownership Plan (the "ESOP") and persons who hold Home Bancorp Wisconsin, Inc. common stock through the Home Savings Bank 401(k) Plan (the "401(k) Plan") will receive a vote authorization form for each of the plans that reflect all shares the participant may direct the trustees to vote on his or her behalf under the plans. Under the terms of the ESOP, the ESOP trustee votes all shares held by the ESOP, but each ESOP participant may direct the trustee how to vote the shares of Company common stock allocated to his or her account. The ESOP trustee will vote all unallocated shares of Company common stock held by the ESOP and allocated shares for which no voting instructions are received in the same proportion as shares for which it has received timely voting instructions. Under the terms of the 401(k) Plan, a participant is entitled to provide voting instructions for all shares credited to his or her 401(k) Plan account and held in the Home Bancorp Wisconsin, Inc. Stock Fund. Shares for which no voting instructions are given or for which instructions were not timely received will be voted in the same proportion as shares for which voting instructions were received. **The deadline for returning your ESOP and/or 401(k) Plan Vote Authorization Form or your telephonic or internet vote authorizations is Tuesday, February 19, 2019, at 5:00 p.m. local time.**

PROPOSAL I—ELECTION OF DIRECTORS

Our Board of Directors is comprised of five members. Our Bylaws provide that directors are divided into three classes, with one class of directors elected annually. Our directors are generally elected to serve for a three-year period and until their respective successors shall have been elected and qualified. Two directors will be elected at the Annual Meeting to serve for three-years and until their successors shall have been elected and qualified. The Nominating and Corporate Governance Committee of the Board of Directors has nominated George E. Austin and Richard M. Lynch to serve as directors for three-year terms. Messrs. Austin and Lynch are currently directors of Home Bancorp Wisconsin, Inc., and each has agreed to serve, if elected, and consented to being named in this Proxy

Statement.

The table below sets forth certain information regarding the nominees, the other current members of our Board of Directors, and executive officers who are not directors, including the terms of office of board members. It is intended that the proxies solicited on behalf of the Board of Directors (other than proxies in which the vote is withheld as to any nominee) will be voted at the Annual Meeting for the election of the proposed nominees. If a nominee is unable to serve, the shares represented by all such proxies will be voted for the election of such substitute as the Board of Directors may determine. At this time, the Board of Directors knows of no reason why any nominee might be unable to serve, if elected.

Name	Position(s) Held With Home Bancorp Wisconsin, Inc. and/or Home Savings Bank	Age(1)	Director Since(2)	Current Term Expires
	NOMINEES			
George E. Austin	Director	66	1997	2019
Richard M. Lynch	Director	66	2003	2019
	CONTINUING DIRECTORS			
James R. Bradley	Chairman of the Board, President and Chief Executive Officer	65	1985	2020
Lynn K. Hobbie	Director	60	2002	2020
Jane M. Tereba.	Director	43	2017	2021
	EXECUTIVE OFFICERS WHO ARE NOT DIRECTORS			
Matt Rosenthal	Executive Vice President of Commercial Banking (3)	49	N/A	N/A
Alan J. Zimprich	Senior Vice President, Chief Financial Officer (3)	54	N/A	N/A

(1) As of September 30, 2018.
(2) Includes service with Home Savings Bank and Home Bancorp Wisconsin, Inc.
(3) Position with Home Savings Bank only. Mr. Zimprich began his service at Home Savings Bank in January 2018.

The biographies of the nominees and each of the continuing board members and executive officers are set forth below. With respect to directors and nominees, the biography also contains information regarding the person's business experience and the experiences, qualifications, attributes or skills that caused the Nominating and Corporate Governance Committee to determine that the person should serve as a director. Each director of Home Bancorp Wisconsin, Inc. is also a director of Home Savings Bank. Directors know of no reason why any nominee might be unable to serve, if elected.

Director Nominees

George E. Austin. Mr. Austin holds three degrees (BBA and MS in business and MA in public policy and administration from the University of Wisconsin-Madison). He served as the director of planning and development for the City of Madison and the executive director of the Community Development Authority of the City of Madison for 15 years. He was the City's project manager on the construction of the Frank Lloyd Wright designed Monona Terrace Convention Center. Mr. Austin left his position with the City to become the president of the Overture Foundation and lead the construction of the $220 million Overture Center performing arts center in downtown Madison. Recently Mr. Austin also served as the project manager for the construction of the Wisconsin Institutes of Discovery/Morgridge Institute for Research, a $210 million interdisciplinary research center on the University Wisconsin–Madison campus. As owner and president of AVA Civic Enterprises, Inc., Mr. Austin has also served as a consultant for the City of Madison and the Madison Region Economic Partnership—the regional economic development entity, and several private foundations. He has also served on the boards of Downtown Madison Inc. and the Greater Madison Chamber of Commerce. Mr. Austin brings the board a unique insight into planning and development issues in Home Savings Bank's market and extensive experience in the financing of public/private real estate development projects.

Richard M. Lynch. Mr. Lynch is Chairman of J. H. Findorff & Son Inc., one of Wisconsin's leading builders. With offices in Madison, Milwaukee, and Wausau, J. H. Findorff & Son Inc. employs approximately 950 construction professionals and tradespeople, and completes over $750 million in construction annually. Mr. Lynch has had preconstruction and project management responsibilities for many of the firm's most notable projects including the Monona Terrace Community and Convention Center in Madison. Mr. Lynch has served on the boards of many civic organizations including Downtown Madison Inc, Greater Madison Chamber of Commerce, Madison Community Foundation, United Way of Dane County, American Family Children's Hospital Advisory Board, and Meriter Hospital. Mr. Lynch provides the board extensive business experience and a unique understanding of the construction industry as well as an outstanding history of community involvement in Home Savings Bank's market.

Directors Continuing in Office

James R. Bradley. Mr. Bradley has served as President and Chief Executive Officer of Home Savings Bank since 1985, and has been Chairman of the Board since 1987. Mr. Bradley joined Home Savings Bank in 1975 following his graduation from University Wisconsin–Madison with a Bachelor of Business Administration degree and majors in real estate and finance. He has served as a mortgage loan officer, branch manager, and led Home Savings Bank's secondary mortgage market efforts before being named president. Mr. Bradley has served as chairman of the board for many local organizations including Downtown Madison, Inc., Madison Children's Museum, and the South Central Wisconsin Housing Foundation. He currently serves on the boards of the Greater Madison Visitors and Convention Bureau, Sustain Dane, and the Center for Resilient Cities. Mr. Bradley provides the board extensive experience in the banking industry and a unique understanding of Home Savings Bank's banking market.

Lynn K. Hobbie. Ms. Hobbie is an Executive Vice President at Madison Gas and Electric Company, an investor-owned utility in Wisconsin that serves the Madison and Dane County communities. Her responsibilities include marketing, energy products and services, corporate communications, economic development, residential, business and community services, and web services. Ms. Hobbie has worked at Madison Gas and Electric Company for 30 years. She has an undergraduate degree in History and a Masters of Science degree in Land Resources, Energy Policy and Analysis program, both from the University of Wisconsin-Madison. Ms. Hobbie's current and past board service includes the Board of Directors for 1000 Friends of Wisconsin, and the Greater Madison Convention and Visitors Bureau, the Wisconsin Public Utilities Institute and the Energy Center of Wisconsin. Ms. Hobbie brings the board extensive business experience as well as an outstanding history of community involvement in Home Savings Bank's market.

Jane M. Tereba. Ms. Tereba, is a CPA with 20 years of professional experience. She has been a Shareholder with Capital Valuation Group, a firm specializing in valuations of closely-held businesses, intellectual property and analysis of economic damages since July 2013. Prior to joining Capital Valuation Group, Ms. Tereba worked with WIPFLI, LLP from 2010 to 2013, with Grant Thornton LLP from 2003 to 2010 and with McGladrey from 1997 to 2003. Jane currently serves on, or has served on, the Madison Community Foundation Audit Committee, the Board of Directors for the YWCA - Madison, YWCA of Madison Foundation, Saint Maria Goretti Finance Council, and the Board of Directors of Madison South Rotary.

Executive Officer Who Is Not a Director

Matt Rosenthal. Mr. Rosenthal joined Home Savings Bank as Senior Vice President of Commercial Banking in April 2013, and currently serves as the Bank's Executive Vice President of Commercial Banking. He has over 11 years of banking experience, including 8 years with Summit Credit Union, Madison, Wisconsin, where he was employed from September 2005 until being hired by Home Savings Bank and he most recently served as Vice President of Business Services. He has also served as Branch Manager for a U.S. Bank branch located in Illinois. Mr. Rosenthal earned his MBA from the University of Dubuque and has taught marketing at Loras College.

Alan J. Zimprich. Mr. Zimprich joined Home Savings Bank as Senior Vice President and Chief Financial Officer in January 2018. He is a CPA and has nine years of financial institution finance and accounting experience as the chief financial officer at Heritage Credit Union, a Madison-based credit union beginning in 2009. Mr. Zimprich has also served as a corporate accountant for a local commercial real estate development/management company. Mr. Zimprich earned his accounting degree from Lakeland College.

Communications with the Board of Directors

Any stockholder who wishes to contact our Board of Directors or an individual director may do so by writing to: Home Bancorp Wisconsin, Inc., 3762 East Washington Avenue, Madison, Wisconsin 53704, Attention:

Board of Directors. The letter should indicate that the sender is a stockholder and if shares are not held of record, should include appropriate evidence of stock ownership. Communications are reviewed by the Secretary and are then distributed to the Board of Directors or the individual director, as appropriate, depending on the facts and circumstances outlined in the communications received. The Secretary may attempt to handle an inquiry directly or forward a communication for response by the director or directors to whom it is addressed. The Secretary has the authority not to forward a communication if it is primarily commercial in nature, relates to an improper or irrelevant topic, or is unduly hostile, threatening, illegal or otherwise inappropriate. At each Board of Directors meeting, the Secretary shall present a summary of all communications received since the last meeting that were not forwarded and make those communications available to the Directors on request.

Committees of the Board of Directors

The business of Home Bancorp Wisconsin, Inc. is conducted at regular and special meetings of the Board of Directors and its committees. In addition, the "independent" members of the Board of Directors (as defined in the listing standards of Nasdaq) meet in executive sessions. The standing committees of the Board of Directors of Home Bancorp Wisconsin, Inc. are the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee.

Audit Committee. The Audit Committee is comprised of Directors Austin, Hobbie, Lynch and Tereba, each of whom is "independent" as defined by SEC rules and Nasdaq listing standards (although these rules are not applicable). The Audit Committee also serves as the audit committee of the Board of Directors of Home Savings Bank. Each Audit Committee member has the ability to analyze and evaluate our financial statements as well as an understanding of the Audit Committee's functions. In addition, each Audit Committee member has overseen and assessed the finances and financial reporting of various businesses that they own or with which they have been employed.

Our Board of Directors has adopted a written charter for the Audit Committee, which is available on our Internet website at www.home-savings.com. As more fully described in the Audit Committee Charter, the Audit Committee reviews the financial records and affairs of Home Bancorp Wisconsin, Inc. and monitors adherence in accounting and financial reporting to accounting principles generally accepted in the United States of America.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee is comprised of Directors Austin, Hobbie, Lynch and Tereba. The Nominating and Corporate Governance Committee operates under a written charter.

The Board of Directors has adopted a policy and procedure by which stockholders may recommend nominees to the Nominating and Corporate Governance Committee. Stockholders who wish to recommend a nominee should write to the Company's Secretary to request a copy of the policy and procedures. You should allow up to 30 days to receive a copy of the policy and procedures.

Compensation Committee. The Compensation Committee is comprised of Directors Austin, Hobbie, Lynch and Tereba. The Compensation Committee also serves as the compensation committee of the Board of Directors of Home Savings Bank.

The Compensation Committee is responsible for establishing the compensation philosophy, developing compensation guidelines, establishing (or recommend to the entire Board of Directors) the compensation of the Chief Executive Officer and the other senior officers. No executive officer who is also a director participates with respect to decisions on his compensation. The Compensation Committee also administers the Home Bancorp Wisconsin, Inc. 2015 Equity Incentive Plan. The Compensation Committee operates under a written charter.

Executive Officer Compensation

The Compensation Committee is appointed by the Board of Directors to discharge the Board's responsibilities relating to executive compensation. See *"—Committees of the Board of Directors – Compensation Committee"* above.

Employment and Change in Control Agreements. Home Bancorp Wisconsin, Inc. and Home Savings Bank have entered into employment agreements with James R. Bradley, our President and Chief Executive Officer, and Matt Rosenthal, our Executive Vice President of Commercial Banking. In addition, Home Savings Bank has entered into a one-year change in control agreements with Alan J. Zimprich, our Senior Vice President and Chief Financial Officer, and Deborah Fox-Schroeder, our Senior Vice President of Retail Banking and Corporate Secretary. Our continued success depends to a significant degree on the skills and competence of Messrs. Bradley, Rosenthal and Zimprich and Ms. Fox-Schroeder, and these agreements and are intended to ensure that we maintain a stable management base.

Director Fees

Independent directors receive an annual retainer of $2,400, and independent directors who serve on the board loan committee receive an annual retainer of $3,000. In addition, each individual who serves as a director of Home Savings Bank earns fees for board meetings attended. For the year ended September 30, 2018, each director was paid a fee of $725 for each board meeting attended.

Each person who serves as a director of Home Bancorp Wisconsin, Inc. also serves as a director of Home Savings Bank and earns director, retainer and committee fees only in his or her capacity as a board or committee member of Home Savings Bank.

PROPOSAL II—RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of Home Bancorp Wisconsin, Inc. has approved the engagement of CliftonLarsonAllen LLP to be our independent registered public accounting firm for the fiscal year ending September 30, 2019, subject to the ratification of the engagement by our stockholders. At the Annual Meeting, stockholders will consider and vote on the ratification of the Audit Committee's engagement of CliftonLarsonAllen LLP for the fiscal year ending September 30, 2019.

Even if the engagement of CliftonLarsonAllen LLP is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such change would be in the best interests of Home Bancorp Wisconsin, Inc. and its stockholders.

The Board of Directors recommends a vote "FOR" the ratification of CliftonLarsonAllen LLP as independent registered public accounting firm for the year ending September 30, 2019.

STOCKHOLDER PROPOSALS AND NOMINATIONS

In order to be considered at our 2019 Annual Meeting of Stockholders, but not included in proxy materials, a stockholder proposal to take action at such meeting or a director nomination must be delivered or mailed to and received by the Secretary at our executive office notice not earlier than the 90th day nor later than the 80th day prior to date of the annual meeting; provided, however, that in the event that less than 90 days' notice or prior public disclosure of the date of the annual meeting is provided to stockholders, then, to be timely, notice by the stockholder must be so received not later than the tenth day following the day on which public announcement of the date of such meeting is first made.

OTHER MATTERS

The Board of Directors is not aware of any business to come before the Annual Meeting other than the matters described above in the Proxy Statement. However, if any matters should properly come before the Annual Meeting, it is intended that the Board of Directors, as holders of the proxies, will act as determined by a majority vote.

MISCELLANEOUS

The cost of solicitation of proxies will be borne by Home Bancorp Wisconsin, Inc. Home Bancorp Wisconsin, Inc. will reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy materials to the beneficial owners of common stock. In addition to solicitations by mail, directors, officers and regular employees of Home Bancorp Wisconsin, Inc. may solicit proxies personally or by telephone without additional compensation. A copy of the 2018 Annual Report accompanies this proxy statement. It is not considered part of this proxy statement.

Whether or not you plan to attend the annual meeting, please vote by marking, signing, dating and promptly returning a proxy card.

BY ORDER OF THE BOARD OF DIRECTORS

Deborah M. Fox Schroeder

Madison, Wisconsin	Deborah Fox-Schroeder
January 22, 2019	Corporate Secretary

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HOME BANCORP WISCONSIN, INC. AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2018 AND 2017

HOME BANCORP WISCONSIN, INC. AND SUBSIDIARY
TABLE OF CONTENTS
YEARS ENDED SEPTEMBER 30, 2018 AND 2017

CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Home Bancorp Wisconsin, Inc. and Subsidiary
Madison, Wisconsin

We have audited the accompanying consolidated financial statements of Home Bancorp Wisconsin, Inc. and Subsidiary (the Company), which comprise the consolidated balance sheet as of September 30, 2018, and the related consolidated statements of comprehensive income, changes in stockholders' equity, and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Home Bancorp Wisconsin, Inc. and Subsidiary as of September 30, 2018, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

Other Matter

The consolidated financial statements of Home Bancorp Wisconsin, Inc. and Subsidiary as of September 30, 2017, were audited by other auditors whose report, dated December 19. 2017, expressed an unqualified opinion on those statements.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Middleton, Wisconsin
January 2, 2019

HOME BANCORP WISCONSIN, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2018 AND 2017
(DOLLARS IN THOUSANDS)

	2018	2017
ASSETS		
Cash and Due from Banks	$ 3,231	$ 3,794
Interest-Bearing Deposits	1,018	493
Cash and Cash Equivalents	4,249	4,287
Other Interest-Bearing Deposits	7,010	4,673
Securities Available-for-Sale, at Fair Value	580	857
Securities Held to Maturity, at Amortized Cost	1,492	1,879
Loans Held for Sale	-	131
Loans, Net of Allowance for Loan Losses of $1,340 at September 30, 2018, and $1,463 at September 30, 2017	121,601	127,552
Premises and Equipment, Net	5,081	5,013
Federal Home Loan Bank Stock, at Cost	545	596
Cash Value of Life Insurance	3,546	3,469
Other Assets	872	727
Total Assets	$ 144,976	$ 149,184
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Demand Deposits	$ 35,325	$ 35,861
Money Market and Savings Deposit	47,702	47,861
Time Deposits	33,901	35,732
Total Deposits	116,928	119,454
Advance Payments by Borrowers for Taxes and Insurance	839	930
Borrowed Funds	14,450	16,190
Other Liabilities	989	828
Total Liabilities	133,206	137,402
STOCKHOLDERS' EQUITY		
Common Stock - $0.01 par Value; 30,000,000 Shares Authorized; 899,190 Shares Issued and Outstanding	9	9
Additional Paid-In Capital	7,416	7,408
Retained Earnings	4,929	4,978
Unearned Employee Stock Ownership Plan (ESOP) Shares	(583)	(611)
Accumulated Other Comprehensive Loss	(1)	(2)
Total Stockholders' Equity	11,770	11,782
Total Liabilities and Stockholders' Equity	$ 144,976	$ 149,184

See accompanying Notes to Consolidated Financial Statements.

HOME BANCORP WISCONSIN, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED SEPTEMBER 30, 2018 AND 2017
(DOLLARS IN THOUSANDS)

	2018	2017
INTEREST INCOME		
Loans, Including Fees	$ 5,446	$ 5,126
Interest-Bearing Deposits	107	80
Securities	56	70
Total Interest Income	5,609	5,276
INTEREST EXPENSE		
Deposits	520	423
Borrowed Funds	355	301
Total Interest Expense	875	724
NET INTEREST INCOME	4,734	4,552
PROVISION (CREDIT) FOR LOAN LOSSES	(96)	-
Net Interest Income, After Provision for Loan Losses	4,830	4,552
NONINTEREST INCOME		
Service Fees	206	259
Mortgage Banking Income	131	75
Increase in Cash Value of Life Insurance	76	77
Net Gain on Sale of Premises and Equipment	-	19
Rental Income	18	96
Other Noninterest Income	52	35
Total Noninterest Income	483	561
NONINTEREST EXPENSE		
Compensation and Employee Benefits	2,537	2,408
Occupancy and Equipment	730	739
Data Processing and Office Expense	1,043	1,037
Advertising and Promotions	119	212
Professional Fees	514	381
Examinations and Assessments	152	107
Other Noninterest Expense	267	303
Total Noninterest Expense	5,362	5,187
Net Income Before Income Taxes	(49)	(74)
PROVISION FOR INCOME TAXES	-	-
NET LOSS	(49)	(74)

See accompanying Notes to Consolidated Financial Statements.

HOME BANCORP WISCONSIN, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)
YEARS ENDED SEPTEMBER 30, 2018 AND 2017
(DOLLARS IN THOUSANDS)

	2018	2017
Other Comprehensive Income (Loss):		
Unrealized Gain (Loss) on Securities, Net of Tax	$ 1	$ (5)
Reclassification Adjustment for (Gains) Losses Realized in	-	-
Other Comprehensive Income (Loss), Net of Tax	1	(5)
TOTAL COMPREHENSIVE LOSS	$ (48)	$ (79)
BASIC EARNINGS PER SHARE	$ (0.05)	$ (0.08)
DILUTED EARNINGS PER SHARE	$ (0.05)	$ (0.08)

See accompanying Notes to Consolidated Financial Statements.

HOME BANCORP WISCONSIN, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED SEPTEMBER 30, 2018 AND 2017
(DOLLARS IN THOUSANDS)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Unearned ESOP Shares	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
BALANCE, SEPTEMBER 30, 2016	$ 9	$ 7,403	$ 5,052	$ (640)	$ 3	$ 11,827
Net Loss	-	-	(74)	-	-	(74)
Allocation of 2,877 Shares from ESOP	-	5	-	29	-	34
Other Comprehensive Loss	-	-	-	-	(5)	(5)
BALANCE, SEPTEMBER 30, 2017	9	7,408	4,978	(611)	(2)	11,782
Net Loss	-	-	(49)	-	-	(49)
Allocation of 2,877 Shares from ESOP	-	8	-	28	-	36
Other Comprehensive Income	-	-	-	-	1	1
BALANCE, SEPTEMBER 30, 2018	$ 9	$ 7,416	$ 4,929	$ (583)	$ (1)	$ 11,770

See accompanying Notes to Consolidated Financial Statements.

HOME BANCORP WISCONSIN, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2018 AND 2017
(DOLLARS IN THOUSANDS)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	$ (49)	$ (74)
Adjustments to Reconcile Net Loss to Net Cash Provided by Operating Activities:		
Depreciation	229	242
Net Amortization of Premiums and Discounts	16	12
ESOP Compensation Expense	36	34
Provision (Credit) for Loan Losses	(96)	-
Gain on Sale of Premises and Equipment	-	(19)
Increase in Cash Surrender Value	(77)	(77)
Changes in Operating Assets and Liabilities:		
Loans Held for Sale	131	1,590
Other Assets	(146)	257
Other Liabilities	161	(380)
Net Cash Provided by Operating Activities	205	1,585
CASH FLOWS FROM INVESTING ACTIVITIES		
Net (Increase) Decrease in Other Interest-Bearing Deposits	(2,337)	654
Purchases of Premises and Equipment	(299)	-
Proceeds from Maturities, Prepayments, Paydowns and Calls of Securities Available-for-Sale	263	245
Proceeds from Maturities, Prepayments, Paydowns and Calls of Securities Held to Maturity	387	461
Net (Increase) Decrease in Loans	6,047	(11,448)
Proceeds from Sale of Fixed Assets	2	-
Proceeds from Sale of FHLB Stock	51	50
Capital Expenditures	-	(79)
Net Cash Provided (Used) by Investing Activities	4,114	(10,117)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Increase (Decrease) in Deposits	(2,526)	6,896
Net Increase (Decrease) in Advance Payments by Borrowers for Taxes and Insurance	(91)	121
Net Decrease in Federal Funds Purchased	-	(1,330)
Net Proceeds from (Payments on) Open Line Advances	(3,350)	3,350
Proceeds from Borrowings	5,831	3,000
Repayments of Borrowed Funds	(4,221)	(2,383)
Net Cash Provided (Used) by Financing Activities	(4,357)	9,654
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(38)	1,122
Cash and Cash Equivalents - Beginning of Year	4,287	3,165
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 4,249	$ 4,287
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	870	$ 704

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Home Bancorp Wisconsin, Inc. and Subsidiary (the Company) is a Maryland chartered corporation established in June 2013 to become the holding company for Home Savings Bank (the Bank) in connection with the Bank's mutual-to-stock conversion. The Company's business activity is the ownership of the Bank and the management of the offering proceeds it retained in connection with the Bank's conversion. The Company owns 100% of the stock of the Bank. The Bank is a Wisconsin chartered savings bank that provides community banking services to customers in and around Madison, Wisconsin. The Bank accepts deposits and makes loans from its four full-service banking offices, with three offices located in Madison, Wisconsin, and its fourth office located in Stoughton, Wisconsin. The Bank emphasizes permanent and construction loans secured by real estate. Since the Bank's operations rely heavily on mortgage banking activities, the Bank is exposed to risks relative to changing interest rates and their impact on loan demand. The Company is subject to competition from other financial institutions and nonfinancial institutions providing financial products. The Company is subject to the regulations of certain federal and state agencies and undergoes periodic examinations by those regulatory authorities.

Principles of Consolidation

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

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and reported amounts of revenues and expenses during the reporting period. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses, fair values of securities, foreclosed assets, fair value of financial instruments, and valuation of deferred tax assets. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change in the near term include the classification and valuation of securities, determination of the allowance for loan losses, valuation of deferred tax assets, and fair values of financial instruments.

Cash and Cash Equivalents

For purposes of reporting cash flows in the consolidated financial statements, cash and cash equivalents include cash on hand and interest-bearing and noninterest-bearing accounts in other financial institutions, all of which have original maturities of three months or less. In the normal course of business, the Company maintains cash and due from bank balances with correspondent banks. Balances in these accounts may exceed the Federal Deposit Insurance Corporation's insured limit of $250. Management believes these financial institutions have strong credit ratings and that the credit risk related to these deposits is minimal.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Interest-Bearing Deposits

Other interest-bearing deposits consist of certificates of deposit and are carried at cost.

Securities

Debt securities that management has the positive intent and ability to hold to maturity are classified as held to maturity and recorded at amortized cost. Securities not classified as held to maturity are classified as available-for-sale and are carried at fair value, with unrealized gains and losses reported in other comprehensive income (loss). Amortization of premiums and accretion of discounts are recognized in interest income using the interest method over the estimated lives of the securities. Gains and losses on the sale of securities are recorded on the trade date and determined using the specific-identification method.

Declines in fair value of securities that are deemed to be other than temporary, if applicable, are reflected in earnings as realized losses. In estimating other-than-temporary impairment losses, management considers the length of time and the extent to which fair value has been less than cost, the financial condition and near-term prospects of the issuer, and the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

Loans Held for Sale

Loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated fair value in the aggregate. Net unrealized losses, if any, are recognized through a valuation allowance by charges to income.

Mortgage loans held for sale are sold with the mortgage servicing rights released by the Company. Gains or losses on sales of mortgage loans are recognized based on the difference between the selling price and the carrying value of the related mortgage loan sold.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are generally reported at their outstanding unpaid principal balances adjusted for charge-offs and the allowance for loan losses. Interest on loans is accrued and credited to income based on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan yield using the interest method.

The accrual of interest on loans is discontinued when, in the opinion of management, there is an indication the borrower may be unable to make payments as they become due. When loans are placed on nonaccrual or charged off, all unpaid accrued interest is reversed against interest income. The interest on these loans is subsequently 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Loan Losses

The allowance for loan losses is maintained at the level considered adequate by management to provide for losses that are probable as of the balance sheet date. The allowance for loan losses is established through a provision for loan losses charged to expense as losses are estimated to have occurred. Loan losses are charged against the allowance when management believes that the collectability of the principal is unlikely. Subsequent recoveries, if any, are credited to the allowance. In determining the adequacy of the allowance balance, the Company makes continuous evaluations of the loan portfolio and related off-balance sheet commitments, considers current economic conditions and historical loss experience, and reviews specific problem loans and other factors.

When establishing the allowance for loan losses, management categorizes loans into risk categories generally based on the nature of the collateral and the basis of repayment. These risk categories and their relevant risk characteristics are as follows:

Commercial Business: Commercial business loans are extended primarily to small and middle-market customers. Such credits typically comprise working capital loans, asset acquisition loans, and loans for other business purposes. Loans to closely held businesses are generally guaranteed in full by the owners of the business. Commercial business loans are made based primarily on the historical and projected cash flow of the borrower and secondarily on the underlying collateral provided by the borrower. The cash flows of the borrowers, however, may not behave as forecasted and collateral securing loans may fluctuate in value due to economic or individual performance factors. Minimum standards and underwriting guidelines have been established for commercial business loans.

Commercial Real Estate: These loans are primarily secured by office and industrial buildings, warehouses, small retail shopping facilities, and various special purpose properties, including restaurants. These loans are subject to underwriting standards and processes similar to commercial business loans. Loans to closely held businesses are generally guaranteed in full by the owners of the business. These loans are viewed primarily as cash flow loans and the repayment of these loans is largely dependent on the successful operation of the property. The cash flows of the borrowers, however, may not behave as forecasted and collateral securing loans may fluctuate in value due to the general economic factors or conditions specific to the real estate market, such as geographic location and/or purpose type.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Loan Losses (Continued)

Multifamily Real Estate: These loans include loans to finance nonfarm properties with five or more units in structures primarily to accommodate households. Such credits are typically originated to finance the acquisition or refinancing of an apartment building. These loans are subject to underwriting standards and processes similar to commercial business loans. Loans to closely held businesses are generally guaranteed in full by the owners of the business. These loans are viewed primarily as cash flow loans and the repayment of these loans is largely dependent on the successful operation of the subject multifamily property, with assumptions made for vacancy rates. Cash flows of the borrowers rely on the receipt of rental income from the tenants of the property who are themselves subject to fluctuations in national and local economic and unemployment trends.

Construction: These loans are secured by vacant land and/or property that are in the process of improvement. Repayment of these loans can be dependent on the sale of the property to third parties or the successful completion of the improvements by the builder for the end user. Construction loans include not only construction of new structures, but loans originated to finance additions to or alterations of existing structures. Until a permanent loan originates, or payoff occurs, all construction loans secured by real estate are reported in this loan pool. Construction loans also have the risk that improvements will not be completed on time, or in accordance with specifications and projected costs.

One-to Four-Family Residential and Home Equity Loans and Lines of Credit: These loans are generally smaller in size and are underwritten by evaluating the credit history of the borrower, the ability of the borrower to meet the debt service requirements of the loan and total debt obligations, the underlying collateral, and the loan to collateral value. Also included in this category are junior liens on one-to four-family residential properties. Underwriting standards for single-family loans are heavily influenced by statutory requirements, which include, but are not limited to, loan-to-value and affordability ratios, risk-based pricing strategies, and documentation requirements.

Consumer: These loans may take the form of installment loans, demand loans, or single payment loans and are extended to individuals for household, family, and other personal expenditures. These loans generally include direct consumer automobile loans, student loans, and credit card loans. These loans are generally smaller in size and are underwritten by evaluating the credit history of the borrower, the ability of the borrower to meet the debt service requirements of the loan and total debt obligations.

Management regularly evaluates the allowance for loan losses using the Company's past loan loss experience, known and inherent risks in the portfolio, composition of the portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, current economic conditions, and other relevant factors. This evaluation is inherently subjective since it requires material estimates that may be susceptible to significant change.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Loan Losses (Continued)

A loan is impaired when, based on current information, it is probable that the Company will not collect all amounts due in accordance with the contractual terms of the loan agreement. Management determines whether a loan is impaired on a case-by-case basis, taking into consideration the payment status, collateral value, length and reason of any payment delays, the borrower's prior payment record, and any other relevant factors. Large groups of smaller-balance homogeneous loans, such as residential mortgage and consumer loans, are collectively evaluated in the allowance for loan losses analysis and are not subject to impairment analysis unless such loans have been subject to a restructuring agreement. Specific allowances for impaired loans are based on discounted cash flows of expected future payments using the loan's initial effective interest rate or the fair value of the collateral if the loan is collateral dependent.

Loans are accounted for as troubled debt restructurings when a borrower is experiencing financial difficulties that lead to a restructuring of the loan, and the Company grants a "concession" to the borrower that they would not otherwise consider. These concessions include a modification of terms such as a reduction of the stated interest rate or loan balance, a reduction of accrued interest, an extension of the maturity date at an interest rate lower than a current market rate for a new loan with similar risk, or some combination thereof to facilitate repayment. Troubled debt restructurings are considered impaired loans.

In addition, various regulatory agencies periodically review the allowance for loan losses. These agencies may require additions to the allowance for loan losses based on their judgments of collectability.

Foreclosed Assets

Assets acquired through or in lieu of loan foreclosure are held for sale and are initially recorded at fair value at the date of foreclosure, establishing a new cost basis. Costs relating to the development and improvement of property are capitalized; holding costs are charged to expense. Subsequent to foreclosure, valuations are periodically performed by management, and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and changes in the valuation allowance are included in net expenses from foreclosed assets.

Premises and Equipment

Land is carried at cost. Buildings and equipment are stated at cost less accumulated depreciation computed on the straight-line method over the estimated useful lives of the assets.

Federal Home Loan Bank (FHLB) Stock

FHLB stock is carried at cost. The Company is required to hold the stock as a member of FHLB, and transfer of the stock is substantially restricted. The stock is pledged as collateral for outstanding FHLB advances. FHLB stock is evaluated for impairment on an annual basis and no impairment has been identified as a result of these reviews.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Bank Owned Life Insurance

The Company has purchased life insurance policies on certain key executives. Bank owned life insurance is recorded at its cash surrender value, or the amount that can be realized, if lower.

Transfers of Financial Assets and Participating Interests

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

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

Rate Lock Commitments

The Company enters into commitments to originate loans whereby the interest rate on the loan is determined prior to funding (rate lock commitments). Rate lock commitments on mortgage loans that are intended to be sold are considered to be derivatives. Rate lock commitments are recorded only to the extent of fees received since recording the estimated fair value of these commitments would not have a significant impact on the consolidated financial statements.

Income Taxes

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

The Company may also recognize a liability for unrecognized tax benefits from uncertain tax positions. Unrecognized tax benefits represent the differences between a tax position taken or expected to be taken in a tax return and the benefit recognized and measured in the consolidated financial statements. Interest and penalties related to unrecognized tax benefits are classified as income taxes.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee Stock Ownership Plan

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

Stock-Based Compensation

The stockholders approved and the Company adopted the Home Bancorp Wisconsin, Inc. 2015 Equity Incentive Plan (the Plan) in 2015. The Plan provides for the grant of stock options and restricted stock awards to eligible employees and outside directors of the Company. The Company registered 125,866 shares of the Company's common stock for the issuance of common stock upon the exercise of stock options or the distribution of restricted stock awards. Options are granted with an exercise price equal to no less than the market price of the Company's shares at the date of grant. Those options generally vest over five years of service and have a 10-year contractual term. Restricted stock awards typically vest over a five-year period. As of September 30, 2018, there were no stock options or restricted stock awards granted under the Plan, as a result there are 125,866 options or restricted stock awards available for future grants.

Advertising

Advertising costs are expensed as incurred.

Other Comprehensive Income (Loss)

Other comprehensive income (loss) is shown on the consolidated statements of comprehensive income (loss). The Company's accumulated other comprehensive income (loss) is composed of the unrealized gain on securities available-for-sale, net of tax, and is shown on the consolidated statements of comprehensive income (loss). Reclassification adjustments out of other comprehensive income (loss) for gains realized on sales of securities available-for-sale comprise the entire balance of "net gain on sale of securities" on the consolidated statements of operations.

Off-Balance-Sheet Financial Instruments

In the ordinary course of business, the Company has entered into off-balance-sheet financial instruments, including commitments to extend credit, unfunded commitments under lines of credit, and standby letters of credit. Such financial instruments are recorded in the consolidated financial statements when they become payable.

Reclassification

Certain amounts in the 2017 consolidated financial statements have been reclassified to conform to the 2018 presentation.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Management has reviewed the Company's operations for potential disclosure of financial statement impacts related to events occurring after September 30, 2018, but prior to the release of these consolidated financial statements. Based on the results of this review, no subsequent event disclosure or financial statement impacts to these consolidated financial statements are required as of January 2, 2019.

New Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU implements a common revenue standard that clarifies the principles for recognizing revenue. The core principle of the ASU is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU is effective for the Company for the fiscal year beginning after December 15, 2018, and interim periods within the fiscal year beginning after December 15, 2019. Early adoption is permitted. The Company is currently evaluating the impact of ASU 2014-09 on the consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. This ASU changes how entities account for equity investments that do not result in consolidation and are not accounted for under the equity method of accounting. Entities will be required to measure these investments at fair value at the end of each reporting period and recognize changes in fair value in net income. A practicability exception will be available for equity investments that do not have readily determinable fair values; however, the exception requires the Company to adjust the carrying amount for impairment and observable price changes in orderly transactions for the identical or a similar investment of the same issuer. This guidance also changes certain disclosure requirements and other aspects of current GAAP. This guidance is effective for fiscal years beginning after December 15, 2018 and for interim reporting periods beginning after December 15, 2019. The Company is evaluating the impact this new standard will have on its consolidated financial statements.

In February 2016, the FASB approved ASU 2016-02, *Leases (Topic 842)*. The ASU is designed to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the consolidated balance sheet and disclosing key information about leasing arrangements. The ASU is effective for the Company for the fiscal year beginning after December 15, 2019, and interim periods within the fiscal year beginning after December 15, 2020. Early adoption is permitted. The Company is currently evaluating the impact of ASU 2016-02 on the consolidated financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards (Continued)

In June 2016, the FASB approved ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The main objective of the ASU is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in the ASU replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU is effective for the Company for the fiscal year and all interim period beginning after December 15, 2020. Early adoption is permitted for the fiscal year beginning after December 15, 2018, including interim periods within this fiscal year. The Company is currently evaluating the impact of ASU 2016-13 on the consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, *Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*. The new guidance simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. Entities will be required to recognize the income tax effects of awards in the income statement when the awards vest or are settled. This guidance is effective for fiscal years beginning after December 15, 2017 and interim reporting periods beginning after December 31, 2018. The adoption of this ASU has not had a material impact on the consolidated financial statements and related disclosures.

In March 2017, the FASB issued ASU 2017-08, *Receivables—Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities*. The amendments in this ASU shorten the amortization period for certain callable debt securities held at a premium. Specifically, the amendments require the premium to be amortized to the earliest call date. This ASU is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. The adoption of this ASU is not expected to have a significant impact on the Company's consolidated financial statements.

NOTE 2 EARNINGS PER SHARE

Basic earnings per share is computed by dividing net income by the weighted-average number of common shares outstanding during the period, including allocated and committed-to-be-released ESOP shares, during the applicable period. Diluted earnings per share is computed using the weighted-average number of shares determined for the basic earnings per common share computation plus the dilutive effect of stock compensation using the treasury stock method.

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

NOTE 2 EARNINGS PER SHARE (CONTINUED)

The following table presents a reconciliation of the number of shares used in the calculation of basic and diluted earnings per common share:

	2018	2017
Net Loss	$ (49)	$ (74)
Basic Potential Common Shares:		
Weighted Average Shares Outstanding	$ 899,190	$ 899,190
Weighted Average Unallocated Employee Stock Ownership Plan Shares	(59,707)	(62,583)
Basic Weighted Average Shares Outstanding	839,484	836,607
Dilutive Potential Common Shares	-	-
Dilutive Weighted Average Shares Outstanding	$ 839,484	$ 836,607
Basic Earnings per Share	$ (0.05)	$ (0.08)
Diluted Earnings per Share	$ (0.05)	$ (0.08)

NOTE 3 SECURITIES

The amortized cost and estimated fair value of securities with gross unrealized gains and losses are as follows:

	2018			
Securities Available-for-Sale	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Agency Pass-Through	$ 581	$ 1	$ 2	$ 580
Securities Held-to-Maturity				
U.S. Agency Pass-Through	$ 1,492	$ -	$ 36	$ 1,456

	2017			
Securities Available-for-Sale	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Agency Pass-Through	$ 859	$ 2	$ 4	$ 857
Securities Held-to-Maturity				
U.S. Agency Pass-Through	$ 1,879	$ 22	$ -	$ 1,901

Fair values of securities are generally estimated based on financial models or prices paid for similar securities. It is possible interest rates or other key inputs to the valuation estimate could change considerably resulting in a material change in the estimated fair value of securities.

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

NOTE 3 SECURITIES (CONTINUED)

The following table shows the fair value and gross unrealized losses of securities with unrealized losses at September 30, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position:

	2018					
	Less than 12 Months		Over 12 Months			
Securities Available-for-Sale	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Total Fair Value	Total Unrealized Losses
U.S. Agency Pass-Through	$ 254	$ 2	$ -	$ -	$ 254	$ 2

	2017					
	Less than 12 Months		Over 12 Months			
Securities Available-for-Sale	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Total Fair Value	Total Unrealized Losses
U.S. Agency Pass-Through	$ 183	$ 2	$ 361	$ 2	$ 544	$ 4

At September 30, 2018, two debt securities have unrealized losses with aggregate depreciation of less than 1% from the Company's amortized cost basis. At September 30, 2017, four debt securities have unrealized losses with aggregate depreciation of less than 1% from the Company's amortized cost basis. In analyzing whether unrealized losses on debt securities are other than temporary, management considers whether the securities are issued by a government body or agency, whether a rating agency has downgraded the securities, industry analysts' reports, the financial condition and performance of the issuer, and the quality of any underlying assets or credit enhancements. Since management has the ability to hold debt securities for the foreseeable future, no declines are deemed to be other than temporary.

The following is a summary of amortized cost and estimated fair value of debt securities by contractual maturity as of September 30, 2018. Contractual maturities will differ from expected maturities for mortgage-related securities because borrowers may have the right to call or prepay obligations without penalties.

	Available for Sale		Held to Maturity	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Within One Year	$ -	$ -	$ -	$ -
After One Year through Five Years	-	-	295	289
After Five Years through Ten Years	-	-	688	667
After Ten Years	581	580	509	500
Total	$ 581	$ 580	$ 1,492	$ 1,456

There were no securities sold during the years ended September 30, 2018 and 2017.

As of September 30, 2018 and 2017, no securities were pledged to secure public deposits or for other purposes required or permitted by law.

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

NOTE 4 LOANS

The following table presents total loans by portfolio segment and class of loan as of September 30:

	2018	2017
Commercial:		
Commercial and Industrial	$ 1,630	$ 1,333
Commercial Real Estate	18,700	22,582
Multifamily Real Estate	28,829	31,077
Construction	925	3,434
Residential Real Estate:		
One- to Four-Family Residential	65,216	61,902
Home Equity Loans and Lines of Credit	7,133	8,229
Consumer	523	1,544
Subtotal	122,956	130,101
Allowance for Loan Losses	(1,340)	(1,463)
Net Deferred Loan Expenses	29	36
Undisbursed Loan Proceeds	(44)	(1,122)
Loans, Net	$ 121,601	$ 127,552

Analysis of the allowance for loan losses for the years ended September 30, 2018 and 2017 follows:

2018	Beginning Balance	Provision	Loans Charged Off	Recoveries	Balance End of Year
Commercial	$ 912	$ (131)	$ -	$ -	$ 781
Residential Real Estate	532	11	-	-	543
Consumer	19	24	(30)	3	16
Total	$ 1,463	$ (96)	$ (30)	$ 3	$ 1,340

2017	Beginning Balance	Provision	Loans Charged Off	Recoveries	Balance End of Year
Commercial	$ 937	$ 30	$ (55)	$ -	$ 912
Residential Real Estate	550	(38)	-	20	532
Consumer	15	8	(6)	2	19
Total	$ 1,502	$ -	$ (61)	$ 22	$ 1,463

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

NOTE 4 LOANS (CONTINUED)

Information about how loans were evaluated for impairment and the related allowance for loan losses as of September 30, 2018 and 2017 follows:

	2018		
	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total
Allowance for Loan Losses:			
Commercial	$ 138	$ 643	$ 781
Residential Real Estate	48	495	543
Consumer	-	16	16
Total Ending Allowance for Loan Losses	186	1,154	1,340
Loans:			
Commercial	1,117	48,967	50,084
Residential Real Estate	1,019	71,330	72,349
Consumer	10	513	523
	2,146	120,810	122,956
Total	$ 1,960	$ 119,655	$ 121,616

	2017		
	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total
Allowance for Loan Losses:			
Commercial	$ 192	$ 720	$ 912
Residential Real Estate	32	500	532
Consumer	3	16	19
Total Ending Allowance for Loan Losses	227	1,236	1,463
Loans:			
Commercial	1,177	57,249	58,426
Residential Real Estate	762	69,369	70,131
Consumer	3	1,541	1,544
	1,942	128,159	130,101
Total	$ 1,715	$ 126,923	$ 128,638

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

NOTE 4 LOANS (CONTINUED)

Information regarding impaired loans as of September 30, 2018 follows:

	2018		
	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated
With No Related Allowance Recorded:			
Commercial Real Estate	$ 59	$ 59	$ -
Construction	35	35	-
One to Four Family Residential	714	714	-
Home Equity Loans and Lines of Credit	106	106	-
Consumer	10	10	-
	925	925	-
With an Allowance Recorded:			
Commercial and Industrial	149	149	138
Commercial Real Estate	873	873	48
One to Four Family Residential	199	199	-
	1,221	1,221	186
Total	$ 2,146	$ 2,146	$ 186

Information regarding impaired loans as of September 30, 2017 follows:

	2017		
	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated
With No Related Allowance Recorded:			
Commercial Real Estate	$ 60	$ 60	$ -
Construction	41	41	-
One to Four Family Residential	594	594	-
	695	695	-
With an Allowance Recorded:			
Commercial and Industrial	152	152	141
Commercial Real Estate	924	924	51
One to Four Family Residential	168	168	32
Consumer	3	3	3
Residential Junior Liens	-	-	-
	1,247	1,247	227
Total	$ 1,942	$ 1,942	$ 227

No additional funds are committed to be advanced in connection with impaired loans.

The Company regularly evaluates various attributes of loans to determine the appropriateness of the allowance for loan losses. The credit quality indicators monitored differ depending on the class of loan.

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

NOTE 4 LOANS (CONTINUED)

Commercial loans are generally evaluated using the following internally prepared ratings:

- "Pass" ratings are assigned to loans with adequate collateral and debt service ability such that collectability of the contractual loan payments is highly probable.
- "Special mention/watch" ratings are assigned to loans where management has some concern that the collateral or debt service ability may not be adequate, though the collectability of the contractual loan payments is still probable.
- "Substandard" ratings are assigned to loans that do not have adequate collateral and/or debt service ability such that collectability of the contractual loan payments is no longer probable.
- "Doubtful" ratings are assigned to loans that do not have adequate collateral and/or debt service ability, and collectability of the contractual loan payments is unlikely.

Residential real estate and consumer loans are generally evaluated based on whether or not the loan is performing according to the contractual terms of the loan.

Information regarding the credit quality indicators most closely monitored for commercial loans by class as of September 30, 2018 and 2017 follows:

	2018				
	Pass	Special Mention/ Watch	Substandard	Doubtful	Total
Commercial and Industrial	$ 1,481	$ -	$ 149	$ -	$ 1,630
Commercial Real Estate	17,638	129	933	-	18,700
Multifamily Real Estate	28,829	-	-	-	28,829
Construction	925	-	-	-	925
Total	$ 48,873	$ 129	$ 1,082	$ -	$ 50,084

	2017				
	Pass	Special Mention/ Watch	Substandard	Doubtful	Total
Commercial and Industrial	$ 1,181	$ -	$ 152	$ -	$ 1,333
Commercial Real Estate	21,464	134	984	-	22,582
Multifamily Real Estate	30,862	215	-	-	31,077
Construction	3,393	-	41	-	3,434
Total	$ 56,900	$ 349	$ 1,177	$ -	$ 58,426

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

NOTE 4 LOANS (CONTINUED)

Information regarding the credit quality indicators most closely monitored for residential real estate and consumer loans by class as of September 30, 2018 and 2017 follows:

	2018		
	Performing	Nonperforming	Total
One- to Four-Family Residential	$ 64,829	$ 387	$ 65,216
Home Equity Loans and Lines of Credit	7,133	-	7,133
Consumer	515	8	523
Total	$ 72,476	$ 396	$ 72,872

	2017		
	Performing	Nonperforming	Total
One- to Four-Family Residential	$ 61,675	$ 227	$ 61,902
Home Equity Loans and Lines of Credit	8,136	93	8,229
Consumer	1,516	28	1,544
Total	$ 71,327	$ 348	$ 71,675

Loan aging information as of September 30, 2018 and 2017 follows:

	At September 30, 2018					
	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due	Current	Total
Commercial and Industrial	$ 149	$ -	$ -	$ 149	$ 1,481	$ 1,630
Commercial Real Estate	189	-	-	189	18,511	18,700
Multifamily Real Estate	-	-	-	-	28,829	28,829
Construction	-	-	-	-	925	925
One- to Four-Family Residential	697	480	387	1,564	63,652	65,216
Home Equity Loans and Lines Credit	25	-	-	25	7,108	7,133
Consumer	-	-	8	8	515	523
Total	$ 1,060	$ 480	$ 395	$ 1,935	$ 121,021	$ 122,956

	At September 30, 2017					
	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due	Current	Total
Commercial and Industrial	$ -	$ -	$ -	$ -	$ 1,333	$ 1,333
Commercial Real Estate	-	-	-	-	22,582	22,582
Multifamily Real Estate	-	-	-	-	31,077	31,077
Construction	-	-	-	-	3,434	3,434
One- to Four-Family Residential	-	294	227	521	61,381	61,902
Home Equity Loans and Lines	-	6	93	99	8,130	8,229
Credit	-	2	28	30	1,514	1,544
Consumer	$ -	$ 302	$ 348	$ 650	$ 129,451	$ 130,101

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

NOTE 4 LOANS (CONTINUED)

When, for economic or legal reasons related to the borrower's financial difficulties, the Company grants a concession to the borrower that the Company would not otherwise consider, the modified loan is classified as a troubled debt restructuring. Loan modifications may consist of forgiveness of interest and/or principal, a reduction of the interest rate, interest-only payments for a period of time, and/or extending amortization terms. During the year ended September 30, 2018, there were five, one-to four-family residential real estate loans that were restructured and considered troubled debt restructuring with a pre-modification investment of $752 and a post-modification investment of $720. During the year ended and as of September 30, 2017, there were two one-to four-family residential real estate loans that were restructured and considered troubled debt restructuring with a pre-modification investment of $254 and a post-modification investment of $269.

NOTE 5 PREMISES AND EQUIPMENT

An analysis of premises and equipment at September 30 is as follows:

	2018	2017
Land	$ 1,700	$ 1,675
Buildings and Improvements	5,536	5,294
Furniture and Equipment	1,233	1,208
Subtotal	8,469	8,177
Accumulated Depreciation	(3,388)	(3,164)
Total	$ 5,081	$ 5,013

Depreciation and amortization of premises and equipment charged to noninterest expense totaled $229 and $242 for the years ended September 30, 2018 and 2017, respectively.

The Company is leasing office space under a non-cancelable operating lease with an initial term of five years and options to extend the lease for two additional five-year periods. In December 2016, the Company renewed the lease for five years and retained its option to extend the lease for an additional five years. The Company pays for real estate taxes, insurance, and maintenance under this net lease. Rent expense under this lease was $127 and $127 for the years ended September 30, 2018 and 2017, respectively.

Future minimum rental payments under non-cancelable lease terms are as follows for each of the years ending September 30:

Year Ending September 30,	Amount
2019	$ 102
2020	105
2021	108
Total	$ 315

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

NOTE 6 TIME DEPOSITS

Time deposits of $250 or more totaled approximately $3,352 and $6,762 at September 30, 2018 and 2017, respectively. The scheduled maturities of time deposits for each of the years ending September 30 are summarized as follows:

Year Ending September 30,	Amount
2019	$ 12,296
2020	12,020
2021	3,581
2022	5,801
2023	187
2024	16

NOTE 7 BORROWED FUNDS

Borrowed funds consisted of the following at September 30:

	2018		2017	
	Rates	Amount	Rates	Amount
Federal Home Loan Bank (FHLB):				
Open Line of Credit	0.00%	$ -	1.21%	$ 3,350
Fixed Rate Fixed Term	1.28% - 3.89%	14,450	1.24% - 3.89%	12,840
Total		$ 14,450		$ 16,190

The following is a summary of scheduled maturities of fixed rate borrowed funds for each of the year ending September 30, 2018:

Fixed Rate, Fixed Term Advances			
Note	Outstanding Amount	Current Rate	Maturity Date
FHLB Advance	$ 500	1.56%	November 2018
FHLB Advance	500	1.58%	January 2019
FHLB Advance	1,000	3.89%	April 2019
FHLB Advance	1,000	3.78%	April 2019
FHLB Advance	1,000	3.83%	April 2019
FHLB Advance	500	1.63%	April 2019
FHLB Advance	1,000	1.58%	August 2019
FHLB Advance	500	1.67%	September 2019
FHLB Advance	200	2.01%	December 2019
FHLB Advance	1,000	1.84%	August 2020
FHLB Advance	717	1.72%	September 2020
FHLB Advance	558	1.28%	June 2021
FHLB Advance	200	2.45%	December 2021
FHLB Advance	100	2.88%	December 2024
FHLB Advance	675	2.20%	March 2025
FHLB Advance	5,000	2.54%	August 2025
Total	$ 14,450		

NOTE 7 BORROWED FUNDS (CONTINUED)

Actual maturities may differ from the scheduled principal maturities due to call options on the various advances.

The Company has a master contract agreement with FHLB that provides for borrowing up to the lesser of a determined multiple of FHLB stock owned, a determined percentage of the book value of the Company's qualifying real estate loans, or a determined percentage of the Company's assets. The FHLB provides both fixed and floating rate advances. Floating rates are tied to short-term market rates of interest, such as London InterBank Offered Rate (LIBOR), federal funds, or Treasury bill rates. Advances with call provisions permit the FHLB to request payment beginning on the call date and quarterly thereafter. FHLB advances are subject to a prepayment penalty if they are repaid prior to maturity. The Company pledged approximately $45,857 and $43,550 of one- to four-family residential construction and residential real estate loans to secure FHLB advances as of September 30, 2018 and 2017, respectively.

FHLB advances are also secured by $545 and $596 of FHLB stock owned by the Company at September 30, 2018 and 2017, respectively.

The Company also has an agreement with the Federal Reserve Bank's Borrower in Custody program. Under this program, the Company has pledged approximately $6,955 and $6,834 of consumer and home equity loans at September 30, 2018 and 2017, respectively. There were no borrowings under this agreement at September 30, 2018 and 2017. At September 30, 2018 and 2017, the Company's available and unused portion of this borrowing agreement totaled approximately $6,955 and $5,800, respectively.

NOTE 8 EMPLOYEE BENEFIT PLAN

The Company sponsors a 401(k) profit sharing plan covering substantially all employees. Employees are allowed to make voluntary contributions to the plan up to 15% of their compensation. Matching contributions are at the discretion of the Company's board of directors. Matching contributions were $50 and $50 for the years ended September 30, 2018 and 2017, respectively.

NOTE 9 DEFERRED COMPENSATION

The Company has entered into various deferred compensation agreements with key officers. The liability outstanding under the agreements was $214 and $271 at September 30, 2018 and 2017, respectively. There was $57 expense recognized during the year ended September 30, 2018 and no expense recognized during the year ended September 30, 2017.

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

NOTE 10 INCOME TAXES

The components of the provision for income taxes were as follows for the years ended September 30:

	2018	2017
Current Tax Expense (Benefit):		
Federal	$ -	$ -
State	-	-
Total Current	-	-
Deferred Tax Expense (Benefit):		
Federal	(39)	(46)
State	(8)	(12)
Deferred Federal Tax Rate Adjustment	866	-
Total Deferred	819	(58)
Change in Valuation Allowance	(819)	58
Total Income Tax Expense (Benefit)	$ -	$ -

A summary of the sources of differences between income taxes at the federal statutory rate and the provision for income taxes for the years ended September 30 follows:

	2018	2017
Tax Expense at Blended Rate (25%) for 2018 and Statutory Rate (34%) for 2017	$ (12)	$ (25)
Increase (Decrease) in Taxes Resulting from:		
Deferred Federal Tax Rate Adjustment	866	-
Bank-Owned Life Insurance	(19)	(26)
State Taxes	(6)	(8)
Other	(10)	1
Change in Valuation Allowance	(819)	58
Total	$ -	$ -

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

NOTE 10 INCOME TAXES (CONTINUED)

Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities. The major components of the net deferred tax asset as of September 30, 2018 and 2017, are presented on the following page:

	2018	2017
Deferred Tax Assets:		
Allowance for Loan Losses	$ 308	$ 640
Deferred Compensation	58	107
Nonaccrued Interest	-	1
Net Operating Loss Carryforward	1,698	2,105
Alternative Minimum Tax Carryforward	-	64
Other	22	7
Unrealized Loss on Securities Available-for-Sale	1	1
Total Deferred Tax Assets	2,087	2,925
Deferred Tax Liabilities:		
Premises and Equipment	24	35
FHLB Stock	32	50
Other	10	-
Total Deferred Tax Liabilities	66	85
Valuation Allowance	(2,021)	(2,840)
Net Deferred Tax Assets (Liabilities)	$ -	$ -

The Company has federal and state net operating loss carryforwards totaling approximately $5,736 and $6,236, respectively, that may be applied against future federal and state taxable income and begin to expire in 2030. The Company has no alternative minimum tax credit carryforwards available as of September 30, 2018.

Deferred tax assets are deferred tax consequences attributable to deductible temporary differences and carryforwards. After the deferred tax asset has been measured using the applicable enacted tax rate and provisions of the enacted tax law, it is then necessary to assess the need for a valuation allowance. A valuation allowance is needed when, based on the weight of the available evidence, it is more likely than not that some portion of the deferred tax asset will not be realized. As required by generally accepted accounting principles, available evidence is weighted heavily on cumulative losses with less weight placed on future projected profitability. Realization of the deferred tax asset is dependent on whether there will be sufficient future taxable income of the appropriate character in the period during which deductible temporary differences reverse or within the carryforward periods available under tax law. Based on the available evidence, valuation allowances of $2,021 and $2,839 were recognized as of September 30, 2018 and 2017, respectively, while $1 were the portions of the net deferred tax asset related to comprehensive income, as of September 30, 2018 and 2017.

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

NOTE 10 INCOME TAXES (CONTINUED)

With few exceptions, the Company is no longer subject to federal or state examinations by tax authorities for years before 2013.

NOTE 11 RELATED PARTY TRANSACTIONS

A summary of loans to directors, executive officers, and their affiliates for the years ended September 30 is as follows:

	2018	2017
Balance at Beginning of Year	$ 24	$ 50
New Loans	64	-
Repayments	-	(26)
Balance at End of Year	$ 88	$ 24

Deposits from directors, executive officers, and their affiliates totaled approximately $49 and $1,482 as of September 30, 2018 and 2017, respectively.

A director is a senior executive for a local public company that was granted a $1 million line of credit in 2015. This line of credit has never been drawn upon.

NOTE 12 EQUITY AND REGULATORY MATTERS

The payment of dividends by the Bank would be restricted if the Bank does not meet the minimum Capital Conservation Buffer as defined by Basel III regulatory capital guidelines and/or if, after payment of the dividend, the Bank would be unable to maintain satisfactory regulatory capital ratios.

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

Federal and state banking agencies have adopted regulations that substantially amend the capital regulations currently applicable to us. The regulations implement the Basel III regulatory capital reforms and changes required by the Dodd-Frank Act.

NOTE 12 EQUITY AND REGULATORY MATTERS (CONTINUED)

Effective January 1, 2015 (with some changes transitioned into full effectiveness over two to four years), the Bank became subject to capital requirements adopted by the FDIC. These requirements create a new required ratio for common equity tier 1 capital, increase the leverage and tier 1 capital ratios, change the risk weight of certain assets for purposes of the risk-based capital ratios, create an additional capital conservation buffer over the required capital ratios, and change what qualifies as capital for purposes of meeting these various capital requirements. Beginning in 2016, failure to maintain the required capital conservation buffer will limit the ability of the Bank to pay dividends, repurchase shares, or pay discretionary bonuses. The Company is exempt from consolidated capital requirements as those requirements do not apply to certain small savings bank holding companies with assets under $1 billion.

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

The requirements also include changes in the risk-weights of assets to better reflect credit risk and other risk exposures. These include a 150% risk weight (increased from 100%) for certain high volatility commercial real estate acquisition, development and construction loans and for nonresidential mortgage loans that are 90 days past due or otherwise in nonaccrual status; a 20% (increased from 0%) credit conversion factor for the unused portion of a commitment with an original maturity of one year or less that is not unconditionally cancelable; a 250% risk weight (increased from 100%) for mortgage servicing and deferred tax assets that are not deducted from capital; and increased risk weights (0% to 600%) for equity exposures.

In addition to the minimum common equity tier 1, tier 1, and total capital ratios, the Bank will have to maintain a capital conservation buffer consisting of additional common equity tier 1 capital greater than 2.5% to risk-weighted assets above the required minimum levels in order to avoid limitations on paying dividends, engaging in share repurchases, and paying discretionary bonuses based on percentages of eligible retained income that could be utilized for such actions. This new capital conservation buffer requirement began being phased in January 2016 at 0.625% of risk-weighted assets and increasing each year until fully implemented in January 2019.

The FDIC's prompt corrective action standards also changed effective January 1, 2015. Under the standards, in order to be considered well-capitalized, the Bank must have a common equity tier 1 ratio of 6.5% (new), a tier 1 ratio of 8.0% (increased from 6.0%), a total risk-based capital ratio of 10.0% (unchanged), and a leverage ratio of 5.0% (unchanged). The Bank meets all these new requirements, including the full capital conservation buffer. As of March 31, 2018, the Bank’s regulatory agency imposed a specific requirement to develop a formal plan to increase the Bank’s tier 1 capital to total average assets ratio to >8.5%. Currently, the Bank is implementing a plan that it expects will assist them to achieve this new requirement.

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

NOTE 12 EQUITY AND REGULATORY MATTERS (CONTINUED)

As of September 30, 2018, the Bank was well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since September 30, 2018, that management believes have changed the Bank's category.

The Bank's actual capital amounts and ratios as of September 30 are presented in the following tables.

	September 30, 2018					
	Actual		For Capital Adequacy Purposes		To be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Common Equity						
Total Capital						
(to Risk-Weighted Assets)	$ 11,908	13.2% ≥	$ 7,197	8.0% ≥	$ 8,996	10.0% ≥
Tier 1 Capital						
(to Risk-Weighted Assets)	10,781	12.0% ≥	5,398	6.0% ≥	7,197	8.0% ≥
Common Equity Tier 1 Capital						
(to Risk-Weighted Assets)	10,781	12.0% ≥	4,048	4.5% ≥	5,848	6.5% ≥
Tier 1 Capital						
(to Average Assets)	10,781	7.5% ≥	5,788	4.0% ≥	7,235	5.0% ≥

	September 30, 2017					
	Actual		For Capital Adequacy Purposes		To be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Common Equity						
Total Capital						
(to Risk-Weighted Assets)	$ 12,048	11.9% ≥	$ 8,081	8.0% ≥	$ 10,101	10.0% ≥
Tier 1 Capital						
(to Risk-Weighted Assets)	10,783	10.7% ≥	6,061	6.0% ≥	8,081	8.0% ≥
Common Equity Tier 1 Capital						
(to Risk-Weighted Assets)	10,783	10.7% ≥	4,546	4.5% ≥	6,566	6.5% ≥
Tier 1 Capital						
(to Average Assets)	10,783	7.3% ≥	5,914	4.0% ≥	7,392	5.0% ≥

As a state-chartered savings bank, the Bank is required to maintain a minimum net worth ratio. The Bank's actual and required net worth ratios are as follows:

	Actual Net Worth		Required Net Worth	
	Amount	Ratio	Amount	Ratio
September 30, 2018	$ 11,908	8.2%	$ 8,708	6.0%
September 30, 2017	12,048	8.1%	8,951	6.0%

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

NOTE 13 COMMITMENTS, CONTINGENCIES, AND CREDIT RISK

Credit Risk

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the consolidated balance sheets.

The Company's exposure to credit loss is represented by the contractual, or notional, amount of these commitments. The Company follows the same credit policies in making commitments as it does for on- balance-sheet instruments. Since some of the commitments are expected to expire without being drawn upon and some of the commitments may not be drawn upon to the total extent of the commitment, the notional amount of these commitments does not necessarily represent future cash requirements.

The following commitments were outstanding at September 30:

	2018	2017
Commitments to Extend Credit	$ -	$ 650
Unused Lines of Credit and Credit Card Lines	14,445	14,394
Undisbursed Portion of Loan Proceeds	44	1,122
Standby Letters of Credit	40	163

Commitments to extend credit (including undisbursed loans under rate lock commitments) are agreements to lend to a customer as long as there is no violation of any condition established in the contract. All of these commitments are at fixed rates. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The amount of collateral obtained upon extension of credit is based on management's credit evaluation of the customer.

Unused commitments under lines of credit and credit card lines are commitments for possible future extensions of credit to existing customers. These lines of credit may or may not require collateral and may or may not contain a specific maturity date.

The undisbursed portion of loan proceeds represents undrawn amounts under construction loans. These loans are generally secured by real estate and generally have a specific maturity date.

Standby letters of credit are conditional lending commitments issued by the Company to guarantee the performance of a customer to a third party. Generally, all standby letters of credit issued have expiration dates within one year. The credit risk involved in issuing standby letters of credit is essentially the same as that involved in extending loan facilities to customers. The Company generally holds collateral supporting these commitments. Standby letters of credit are not reflected in the consolidated financial statements, since recording the fair value of these guarantees would not have a significant impact on the consolidated financial statements.

NOTE 13 COMMITMENTS, CONTINGENCIES, AND CREDIT RISK (CONTINUED)

Legal Contingencies

Various legal claims arise from time to time in the normal course of business. In the opinion of management, any liability resulting from such proceedings would not have a material impact on the consolidated financial statements.

Concentration of Credit Risk

The majority of the Company's loans and commitments have been granted to customers in the Company's market area. The concentrations of credit by type are set forth in Note 4. The ability of the Company's debtors to honor their contracts is dependent on the real estate and general economic conditions in this area. Management believes the diversity of the local economy will prevent significant losses in the event of an economic downturn.

NOTE 14 FAIR VALUE MEASUREMENTS

Accounting standards describe three levels of inputs that may be used to measure fair value (the fair value hierarchy). The level of an asset or liability within the fair value hierarchy is based on the lowest level of input significant to the fair value measurement of that asset or liability.

Following is a brief description of each level of the fair value hierarchy:

Level 1 – Fair value measurement is based on quoted prices for identical assets or liabilities in active markets.

Level 2 – Fair value measurement is based on: (1) quoted prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar assets or liabilities in markets that are not active; or (3) valuation models and methodologies for which all significant assumptions are or can be corroborated by observable market data.

Level 3 – Fair value measurement is based on valuation models and methodologies that incorporate at least one significant assumption that cannot be corroborated by observable market data. Level 3 measurements reflect the Company's estimates about assumptions market participants would use in measuring fair value of the asset or liability.

Some assets and liabilities, such as securities available-for-sale, are measured at fair value on a recurring basis under accounting principles generally accepted in the United States. Other assets and liabilities, such as impaired loans, may be measured at fair value on a nonrecurring basis.

Following is a description of the valuation methodology used for each asset measured at fair value on a recurring or nonrecurring basis, as well as the classification of the asset within the fair value hierarchy:

NOTE 14 FAIR VALUE MEASUREMENTS (CONTINUED)

Securities Available-for-Sale

Securities available-for-sale may be classified as Level 1 or Level 2 measurements within the fair value hierarchy. Level 1 securities include equity securities traded on a national exchange. The fair value measurement of a Level 1 security is based on the quoted price of the security. Level 2 securities include U.S. government and agency securities, obligations of states and political subdivisions, corporate debt securities, and mortgage-related securities. The fair value measurement of a Level 2 security is obtained from an independent pricing service and is based on recent sales of similar securities and other observable market data.

Loans

Loans are not measured at fair value on a recurring basis. However, loans considered to be impaired may be measured at fair value on a nonrecurring basis. The fair value measurement of an impaired loan that is collateral dependent is based on the fair value of the underlying collateral. Fair value measurements of underlying collateral that utilize observable market data, such as independent appraisals reflecting recent comparable sales, are considered Level 2 measurements. Other fair value measurements that incorporate estimated assumptions market participants would use to measure fair value are considered Level 3 measurements.

Foreclosed Assets

Real estate and other property acquired through or in lieu of loan foreclosure are not measured at fair value on a recurring basis. However, foreclosed assets are initially measured at fair value (less estimated costs to sell) when they are acquired and may also be measured at fair value (less estimated costs to sell) if they become subsequently impaired. The fair value measurement for each asset may be obtained from an independent firm or prepared internally. Fair value measurements obtained from independent firms are generally based on sales of comparable assets and other observable market data and are considered Level 2 measurements. Fair value measurements prepared internally are based on observable market data but include significant unobservable data and are therefore considered Level 3 measurements.

Information regarding the fair value of assets measured at fair value on a recurring basis as of September 30 follows:

	2018			
	Recurring Fair Value Measurements Using:			
	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets				
Securities Available-for-Sale	$ -	$ 580	$ -	$ 580

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

NOTE 14 FAIR VALUE MEASUREMENTS (CONTINUED)

	2017			
	Recurring Fair Value Measurements Using:			
	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets				
Securities Available-for-Sale	$ -	$ 857	$ -	$ 857

Information regarding the fair value of assets measured at fair value on a nonrecurring basis as of September 30 follows:

	2018			
	Nonrecurring Fair Value Measurements Using:			
	Quoted Prices in Active Markets (Level 1)	Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets				
Loans	$ -	$ -	$ 1,035	$ 1,035

	2017			
	Nonrecurring Fair Value Measurements Using:			
	Quoted Prices in Active Markets (Level 1)	Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets				
Loans	$ -	$ -	$ 1,020	$ 1,020

Loans with a carrying amount of $1,221 and $1,247 were considered impaired and were written down to their estimated fair value of $1,035 and $1,020 as of September 30, 2018 and 2017, respectively. As a result, the Company recognized a specific valuation allowance against these impaired loans totaling $186 and $227 as of September 30, 2018 and 2017, respectively. The loans were valued based on the value of the underlying collateral, adjusted for selling costs. The fair value of collateral is determined based on appraisals, broker price opinions, or automated valuation models. In some cases, adjustments were made to these values due to various factors including age of the appraisal, age of the comparable, and other known changes in the market and in the collateral. These adjustments are typically a 10-20% decrease in value. When significant adjustments were based on unobservable inputs, the resulting fair value measurement has been categorized as a Level 3 measurement.

At September 30, 2018 and 2017, the Company had no foreclosed assets.

NOTE 14 FAIR VALUE MEASUREMENTS (CONTINUED)

Disclosure of fair value information about financial instruments, for which it is practicable to estimate that value, is required whether or not recognized in the consolidated balance sheets. In cases in which quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimate of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases could not be realized in immediate settlement of the instruments. Certain financial instruments with a fair value that is not practicable to estimate and all non-financial instruments are excluded from the disclosure requirements. Accordingly, the aggregate fair value amounts presented do not necessarily represent the underlying value of the Company.

The following disclosures represent financial instruments in which the ending balances at September 30, 2018 and 2017 are not carried at fair value in their entirety on the consolidated balance sheets.

<u>Cash and Cash Equivalents</u>

The carrying amounts reported in the consolidated balance sheets approximate those assets' and liabilities' fair values.

<u>Other Interest-Bearing Deposits</u>

Fair value is estimated using discounted cash flow analyses based on current rates for similar types of deposits.

<u>Securities Held to Maturity</u>

Fair values for securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. If quoted market prices of comparable instruments are not available, fair values are derived from other valuation methodologies, including option pricing models, discounted cash flow models, or similar techniques.

<u>Loans Held for Sale</u>

Fair values of mortgage loans held for sale are based on commitments on hand from investors or prevailing market prices.

<u>Loans</u>

For variable-rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying values. The fair values of other loans are estimated using discounted cash flow analyses, using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality.

<u>Federal Home Loan Bank Stock</u>

Fair value is the redeemable (carrying) value based on the redemption provisions of the Federal Home Loan Bank.

NOTE 14 FAIR VALUE MEASUREMENTS (CONTINUED)

Accrued Interest Receivable and Payable

Fair value approximates the carrying value.

Cash Value of Life Insurance

Fair value is based on reported values of the assets.

Deposits and Advance Payments by Borrowers for Taxes and Insurance

Fair value of deposits with no stated maturity, such as demand deposits, savings, and money market accounts, (including advance payments by borrowers for taxes and insurance,) by definition, is the amount payable on demand on the reporting date. Fair value of fixed rate time deposits is estimated using discounted cash flows applying interest rates currently being offered on similar time deposits.

Federal Funds Purchased

Fair value approximates carrying value.

Borrowed Funds

Fair value of fixed rate, fixed-term borrowings is estimated by discounting future cash flows using the current rates at which similar borrowings would be made. Fair value of borrowings with variable rates or maturing within 90 days approximates the carrying value of these borrowings.

Off-Balance-Sheet Instruments

Fair value is based on quoted market prices of similar financial instruments where available. If a quoted market price is not available, fair value is based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreement and the counterparty's credit standing. Since the estimated fair value of off-balance-sheet instruments is not material, no amounts are presented in the following schedule.

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

NOTE 14 FAIR VALUE MEASUREMENTS (CONTINUED)

The carrying value and estimated fair value of financial instruments at September 30 follows:

	2018		2017	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets:				
Cash and Cash Equivalents	$ 4,249	$ 4,249	$ 4,287	$ 4,287
Other Interest-Bearing Deposits	7,010	6,949	4,673	4,628
Securities Available-for-Sale	580	580	857	857
Securities Held to Maturity	1,492	1,456	1,879	1,901
Loans Held for Sale	-	-	131	131
Loans	121,601	120,939	127,552	125,264
Accrued Interest Receivable	416	416	437	437
Cash Value of Life Insurance	3,546	3,546	3,469	3,469
Federal Home Loan Bank Stock	545	545	596	596
Financial Liabilities:				
Deposits	116,928	102,368	119,454	119,315
Advance Payments by Borrowers for Taxes and Insurance	839	839	930	930
Borrowed Funds	14,450	14,076	16,190	16,333
Accrued Interest Payable	30	30	73	73

NOTE 15 EMPLOYEE STOCK OWNERSHIP PLAN

The Company maintains a leveraged employee stock ownership plan (ESOP) that covers substantially all employees. The ESOP was established in conjunction with the Company's stock offering completed in April 2014 and operates on a plan year ending December 31. The loan to fund the acquisition of stock by the ESOP was made by the Company. The Bank makes annual contributions to the ESOP equal to the ESOP's debt service. The ESOP shares initially were pledged as collateral for this debt. As the debt is repaid, shares are released from collateral and allocated to active participants, based on the proportion of debt service paid in the year. Because the debt is intercompany, it is eliminated in consolidation for presentation in these consolidated financial statements. The shares pledged as collateral are reported as unearned ESOP shares in the consolidated balance sheets.

As shares are committed to be released from collateral and allocated to active participants, the Company reports compensation expense equal to the current market price of the shares and the shares will become outstanding for earnings-per-shares (EPS) computations. During the years ended September 30, 2018 and 2017, 2,877 shares were committed to be released, of which 719 shares were released and available for allocation at December 31, 2017 and 2016. During the years ended September 30, 2018 and 2017, the average fair value per share of stock was $13.56 and $11.45, respectively, resulting in total ESOP compensation expense of $36 and $34 for the years ended September 30, 2018 and 2017, respectively.

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

NOTE 15 EMPLOYEE STOCK OWNERSHIP PLAN (CONTINUED)

The ESOP shares as of September 30 were as follows:

	2018	2017
Allocated Shared	11,509	8,632
Shares Committed to be Released and Allocated to Participants	2,158	2,158
Total Unallocated Shares	58,268	61,145
Total ESOP Shares	71,935	71,935

HOME BANCORP WISCONSIN, INC.
MANAGEMENT'S FINANCIAL SUMMARY
SEPTEMBER 30, 2018

The Company's total assets at fiscal year-end stood at $145.0 million, down from $149.2 million last year, a reduction of 2.8%.

Loan balances, net of the allowance for loan losses, decreased $6.0 million during the year. One- to four-family residential mortgage loans increased 5.4% to $65.2 million. Multifamily and commercial real estate loans decreased 11.4% to $47.5 million during fiscal 2018. The loan underwriting standards of the Company were maintained during the year. Based on the performance of the loan portfolio during the year and lower loan balances, management determined that a reduction in the provision for loan losses of $96,000 was appropriate in fiscal 2018.

Deposit balances decreased $2.5 million during the year, a reduction of 2.1%. The largest reduction was in brokered time deposits. Borrowings from the Federal Home Loan Bank of Chicago decreased $1.7 million, a reduction of 10.7%.

Net interest income increased $182,000 during 2018 compared to 2017. Interest income on the loan portfolio, including fees, increased $320,000 during the year. Combined interest expense on deposits and borrowings increased $151,000. Interest expense on deposits increased $97,000 or 22.9% to $520,000 with interest expense on borrowed funds increasing $54,000 or 17.9% to $355,000.

Noninterest income decreased $78,000 in 2018 from fiscal 2017. The largest component was a reduction in rental income of $78,000 for rental space in our Mineral Point Road office which has subsequently been rented.

Noninterest expenses increased $175,000 during fiscal 2018. Advertising and promotion expense decreased $93,000. Professional fees increased $133,000.

For fiscal 2018 the Company incurred a $49,000 net loss compared to net loss of $74,000 for fiscal 2017. While the Company incurred a net loss in fiscal 2018, the lower asset size resulted in improved capital ratios at year-end. All of the Bank's capital ratios continue to exceed the ratios required to be classified as "Well Capitalized Under Prompt Corrective Action Provisions."

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