NOTICE OF 2018 ANNUAL MEETING
PROXY STATEMENT AND
ANNUAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2018

Corporate Profile

BV Financial, Inc., headquartered in Baltimore, Maryland, is the holding company for BayVanguard Bank. A majority of the outstanding shares of BV Financial, Inc.'s common stock is owned by Bay-Vanguard M.H.C., a mutual holding company. BV Financial, Inc. is quoted on the OTC Bulletin Board under the symbol "BVFL."

BayVanguard Bank is a Maryland chartered stock savings bank headquartered in Baltimore, Maryland. BayVanguard Bank is a community-oriented financial institution offering traditional deposit and loan products. BayVanguard has been in existence since 1873. It acquired Vanguard Federal Savings and Loan Association in 1996 and Vigilant Federal Savings Bank in 2013. BayVanguard Bank converted into the mutual holding company form of ownership in 2005. BayVanguard operates four banking locations in Maryland.

Locations

Baltimore County

Main Office
7114 North Point Road
Baltimore, Maryland 21219

Essex Office
532 Eastern Boulevard
Baltimore, Maryland 21221

Baltimore City

Locust Point Branch
921 East Fort Avenue
Baltimore, Maryland 21230

Anne Arundel County

Pasadena Branch
8070 Ritchie Highway
Pasadena, Maryland 21122

Transfer Agent

Computershare
211 Quality Circle, Suite 210
College Station, Texas 77845

October 2, 2018

Dear Stockholder:

You are cordially invited to attend the annual meeting of stockholders of BV Financial, Inc. The meeting will be held at BayVanguard Bank's main office, 7114 North Point Road, Baltimore, Maryland on Thursday, November 1, 2018 at 1:00 p.m., local time.

The notice of annual meeting and proxy statement appearing on the following pages describe the formal business to be transacted at the meeting. Directors and officers of the Company, as well as a representative of Rowles & Company, LLP, the Company's independent registered public accounting firm, will be present to respond to appropriate questions of stockholders.

It is important that your shares are represented at this meeting, whether or not you attend the meeting in person and regardless of the number of shares you own. To make sure your shares are represented, we urge you to vote via the Internet or by completing and mailing the enclosed proxy card. If you attend the meeting, you may vote in person even if you have previously mailed a proxy card.

We look forward to seeing you at the meeting.

Sincerely,

Edmund T. Leonard
Chairman of the Board

David M. Flair
President and Chief Executive Officer

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BV Financial, Inc.
7114 North Point Road
Baltimore, Maryland 21219
(410) 477-5000

Notice of Annual Meeting of Stockholders

On Thursday, November 1, 2018, BV Financial, Inc. (the "Company") will hold its annual meeting of stockholders at BayVanguard Bank's main office, 7114 North Point Road, Baltimore, Maryland. The meeting will begin at 1:00 p.m., local time. At the meeting, stockholders will consider and act on the following:

1. The election of two directors to serve for a term of three years;

2. The approval of an amendment to the Company's charter to increase the number of shares of authorized common stock from 9,000,000 to 14,000,000;

3. The ratification of the appointment of Rowles & Company, LLP as the independent registered public accounting firm for the Company for the 2019 fiscal year; and

4. Such other business that may properly come before the meeting.

NOTE: The Board of Directors is not aware of any other business scheduled to come before the meeting.

Only stockholders of record as of the close of business on September 20, 2018 are entitled to receive notice of and to vote at the meeting and any adjournment or postponement of the meeting.

Please vote via the Internet or by completing and signing the enclosed proxy card and mailing it promptly in the enclosed envelope. The proxy will not be used if you attend the meeting and vote in person.

BY ORDER OF THE BOARD OF DIRECTORS

Robert R. Kern, Jr.
Corporate Secretary

Baltimore, Maryland
October 2, 2018

IMPORTANT: The prompt return of proxies will save the Company the expense of further requests for proxies to ensure a quorum. A self-addressed envelope is enclosed for your convenience. No postage is required if mailed in the United States.

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BV FINANCIAL, INC.

PROXY STATEMENT

GENERAL INFORMATION

We are providing this proxy statement to you in connection with the solicitation of proxies by the Board of Directors of BV Financial, Inc. for the 2018 annual meeting of stockholders and for any adjournment or postponement of the meeting. In this proxy statement, BV Financial, Inc. may also be referred to as "BV Financial," the "Company," "we," "our" or "us."

BV Financial is the holding company for BayVanguard Bank. In this proxy statement, BayVanguard Bank may also be referred to as the "Bank" or "BayVanguard."

We are holding the 2018 annual meeting at BayVanguard Bank's main office, 7114 North Point Road, Baltimore, Maryland on Thursday, November 1, 2018 at 1:00 p.m., local time.

We intend to mail this proxy statement and the enclosed proxy card to stockholders of record beginning on or about October 2, 2018.

INFORMATION ABOUT VOTING

Who Can Vote at the Meeting

You are entitled to vote your shares of BV Financial common stock that you owned as of September 20, 2018. As of the close of business on that date, 2,999,124 shares of BV Financial common stock were outstanding, including 2,049,988 shares of common stock held by Bay-Vanguard, M.H.C. Each share of common stock has one vote.

Ownership of Shares; Attending the Meeting

You may own shares of BV Financial in one or more of the following ways:

- Directly in your name as the stockholder of record;
- Indirectly through a broker, bank or other holder of record in "street name"; or
- Indirectly in the BV Financial, Inc. Stock Fund in our 401(k) Plan or the BayVanguard Bank Employee Stock Ownership Plan (the "ESOP").

If your shares are registered directly in your name, you are the holder of record of these shares and we are sending these proxy materials directly to you. As the holder of record, you have the right to give your proxy directly to us or to vote in person at the meeting.

If you hold your shares in street name, your broker, bank or other holder of record is sending these proxy materials to you. As the beneficial owner, you have the right to direct your broker, bank or other holder of record how to vote by filling out a voting instruction form that accompanies your proxy materials. Your broker, bank or other holder of record may allow you to provide voting instructions by telephone or by the Internet. Please see the instruction form provided by your broker, bank or other holder of record that accompanies this proxy statement. If you hold your shares in street name, you will need proof of ownership to be admitted to the meeting. A recent brokerage statement or letter from a bank or broker are examples of proof of ownership. If you want to vote your shares of BV Financial common stock held in street name in person at the meeting, you must obtain a written proxy in your name from the broker, bank or other nominee who is the record holder of your shares.

Quorum and Vote Required

Quorum. We will have a quorum and will be able to conduct the business of the annual meeting if a majority of the outstanding shares of common stock entitled to vote are present at the meeting, either in person or by proxy.

Votes Required for Proposals. At this year's annual meeting, stockholders will be asked to elect two directors to serve for a term of three years, to approve an amendment to the Company's charter to increase the number of authorized shares of common stock and to ratify the appointment of Rowles & Company, LLP as the Company's independent registered public accounting firm. In voting on the election of directors, you may vote in favor of the nominees, withhold votes as to both nominees or withhold votes as to either nominee. There is no cumulative voting for the election of directors. Directors must be elected by a plurality of the votes cast at the annual meeting. This means that the nominees receiving the greatest number of votes will be elected.

In voting on the amendment of the Company's charter to increase the number of authorized shares of common stock and the ratification of the appointment of Rowles & Company, LLP as the Company's independent registered public accounting firm, you may vote in favor of the proposal, vote against the proposal or abstain from voting. To amend the Company's charter, the affirmative vote of a majority of the shares eligible to be cast at the annual meeting is required. To ratify the selection of Rowles & Company, LLP as our independent registered public accounting firm for fiscal 2019, the affirmative vote of a majority of the shares represented at the meeting and entitled to vote at the annual meeting is required.

Routine and Non-Routine Proposals. The rules of the New York Stock Exchange determine for all companies whether proposals presented at stockholder meetings are routine or non-routine. If a proposal is routine, a broker or other entity holding shares for an owner in street name may vote on the proposal without receiving voting instructions from the owner. If a proposal is non-routine, the broker or other entity may vote on the proposal only if the owner has provided voting instructions. A broker non-vote occurs when a broker or other entity is unable to vote on a particular proposal because the broker or other entity has not received voting instructions from the beneficial owner. The election of directors and the amendment of the charter are each currently considered a non-routine matter, while the ratification of Rowles & Company, LLP as our independent registered public accounting firm for fiscal 2019 is currently considered a routine matter.

How We Count Votes. If you return valid proxy instructions or attend the meeting in person, we will count your shares to determine whether there is quorum, even if you abstain from voting. Broker non-votes also will be counted to determine the existence of a quorum.

In the election of directors, votes that are withheld and broker non-votes will have no effect on the outcome of the election.

In counting votes on the proposal to amend the Company's charter, abstentions and broker non-votes will have the same effect as a negative vote.

In counting votes on the proposal to ratify the selection of the independent registered public accounting firm, abstentions will have the same effect as a negative vote while broker non-votes will have no effect on the proposal.

Because Bay-Vanguard, M.H.C. owns more than half of the outstanding shares of BV Financial common stock, the votes it casts will ensure the presence of a quorum and determine the outcome of Item 1 (Election of Directors), Item 2 (Amendment of the Company's Charter) and Item 3 (Appointment of Independent Registered Public Accounting Firm).

Voting by Proxy

The Company's Board of Directors is sending you this proxy statement to request that you allow your shares of Company common stock to be represented at the annual meeting by the persons named in the enclosed proxy card. All shares of Company common stock represented at the meeting by properly executed and dated proxies will be voted according to the instructions indicated on the proxy card. If you sign, date and return a proxy card without giving voting instructions, your shares will be voted as recommended by the Company's Board of Directors. The Board of Directors recommends that you vote:

- **FOR** each of the nominees for director;
- **FOR** amendment of the Company's charter to increase the number of authorized shares of common stock; and
- **FOR** ratification of the appointment of Rowles & Company, LLP as the Company's independent registered public accounting firm for the 2019 fiscal year.

If any matters not described in this proxy statement are properly presented at the annual meeting, the persons named in the proxy card will use their judgment to determine how to vote your shares. This includes a motion to adjourn or postpone the annual meeting to solicit additional proxies. If the annual meeting is postponed or adjourned, your shares of Company common stock may be voted by the persons named in the proxy card on the new meeting date, provided that the new meeting occurs within 30 days of the annual meeting and you have not revoked your proxy. The Company does not currently know of any other matters to be presented at the meeting.

You may revoke your proxy at any time before the vote is taken at the meeting. To revoke your proxy, you must either advise the Corporate Secretary of the Company in writing before your common stock has been voted at the annual meeting, deliver a later dated proxy or attend the meeting and vote your shares in person. Attendance at the annual meeting will not in itself constitute revocation of your proxy.

Instead of voting by mailing a proxy card, registered stockholders can vote their shares of Company common stock via the Internet. The Internet voting procedures are designed to authenticate stockholders' identities, allow stockholders to provide their voting instructions and confirm that their instructions have been recorded properly. Specific instructions for Internet voting are set forth on the enclosed proxy card. **The deadline for voting via the Internet is 1:00 a.m., Eastern time, on November 1, 2018.**

Participants in the ESOP or 401(k) Plan

If you participate in the ESOP or if you invest in the BV Financial Stock Fund in our 401(k) Plan, you will receive a voting form for each plan that reflects the shares you may direct the trustees to vote on your behalf under the respective plans. Under the terms of the ESOP, all allocated shares of BV Financial common stock held by the ESOP are voted by the ESOP trustee, as directed by plan participants. All unallocated shares of Company common stock held by the ESOP and all allocated shares for which no timely voting instructions are received are voted by the ESOP trustee in the same proportion as shares for which the trustee has received timely voting instructions, subject to the exercise of its fiduciary duties. Under the terms of the 401(k) Plan, a participant may direct the stock fund trustee how to vote the shares in the BV Financial Stock Fund credited to his or her account. The stock fund trustee will vote all shares for which it does not receive timely instructions from participants in the same proportion as shares for which the trustee received voting instructions. **The deadline for returning your voting instructions for shares held through the ESOP or 401(k) Plan is October 23, 2018.**

CORPORATE GOVERNANCE AND BOARD MATTERS

Director Independence

Because the Company is not listed on a national securities exchange, there are no independence requirements for its directors. However, if the Company was to apply the current listing standards of The NASDAQ Stock Market, all of its directors would be independent, except for Mr. Flair, who is an employee of BV Financial and the Bank.

Committees of the Board of Directors

The following table identifies our standing committees and their members at June 30, 2018. All members of each committee are independent in accordance with the listing requirements of The NASDAQ Stock Market. Each committee operates under a written charter that is approved by the Board of Directors that governs its composition, responsibilities and operations. Each committee reviews and reassesses the adequacy of its charter at least annually.

Director	Audit Committee	Compensation Committee	Nominating and Governance Committee
William Streett Baldwin	X*		
Michael J. Birmingham III			
David M. Flair			
Joseph S. Galli			
Robert R. Kern, Jr.		X*	X*
Veronica Koch			
Steven Lang		X	X
Edmund T. Leonard		X	X
Brian K. McHale	X		
Carolyn M. Mroz	X		
George Philippou		X	
Number of meetings in fiscal 2018	4	1	1

*Chairman

Audit Committee. The Audit Committee is responsible for ensuring that BV Financial maintains reliable accounting policies and financial reporting processes and reviewing the performance of BV Financial's independent registered public accounting firm. The Audit Committee selects the independent registered public accounting firm and meets with them to discuss the results of the annual audit and any related matters.

Compensation Committee. The Compensation Committee is responsible for all matters regarding BV Financial's and the Bank's employee compensation and benefit programs. The Compensation Committee reviews all compensation components for the Company's Chief Executive

Officer and other highly compensated executive officers including base salary, bonus, equity incentives, benefits and other perquisites. Decisions by the Compensation Committee with respect to the compensation of executive officers are approved by the full Board of Directors. We do not have a contractual arrangement with any compensation consultant who has a role in determining or recommending the amount or form of executive or director compensation.

Nominating and Governance Committee. The Nominating and Governance Committee is responsible for the annual selection of management's nominees for election as directors and for developing and implementing a set of policies and practices relating to corporate governance, including implementation of and monitoring adherence to BV Financial's corporate governance policy.

Director Compensation

The applicable fees that are paid to our non-employee directors for their service on BayVanguard's Board of Directors are listed below. Directors do not receive any compensation for their service on the Board of Directors of BV Financial or Bay-Vanguard, M.H.C.

Fees per meeting of BayVanguard Bank:	
Regular or Special Meetings	$500
Committee Meetings Attended	$500
Additional fee for Chairman of the Board per Meeting	$500
Additional fee for Chairman of the Audit Committee per Meeting	$500

Board and Committee Meetings

During the year ended June 30, 2018, the Board of Directors of BV Financial held six meetings and the Board of Directors of the Bank held 13 meetings. No director attended fewer than 75% of the meetings of the Board of Directors and Board committees on which they served in fiscal 2018.

Director Attendance at the Annual Meeting of Stockholders

The Board of Directors encourages directors to attend the annual meeting of stockholders. All but one of the directors attended the 2017 annual meeting of stockholders.

STOCK OWNERSHIP

The following table provides information as of September 20, 2018 with respect to persons and entities known to the Company to be the beneficial owner of more than 5% of the Company's outstanding common stock. A person or entity may be considered to beneficially own any shares of common stock over which the person or entity has, directly or indirectly, sole or shared voting or investing power.

Name and Address	Number of Shares Owned	Percent of Common Stock Outstanding
Bay-Vanguard, M.H.C. 7114 North Point Road Baltimore, Maryland 21219	2,049,988	68.4%

The following table provides information about the shares of Company common stock that may be considered to be owned by each director or nominee for director of the Company and by all directors, nominees for director and executive officers of the Company as a group as of September 20, 2018. A person may be considered to own any shares of common stock over which he or she has, directly or indirectly, sole or shared voting or investment power. Except as disclosed below, each of the named individuals has sole or shared voting and investment power with respect to the shares shown. The number of shares beneficially owned by all directors, nominees for director and executive officers as a group totaled 5.2% of our common stock as of September 20, 2018. Each director, director nominee and executive officer owned less than 1% of our outstanding common stock as of that date, except for Mr. Galli who owned 1.4% of our common stock as of that date.

Name	Number of Shares Owned (Excluding Options)(1)	Number of Shares That May Be Acquired Within 60 Days by Exercising Options	Total
William Streett Baldwin	1,000	—	1,000
Michael J. Birmingham III	7,221	—	7,221
David M. Flair	15,857	10,000	25,857
Joseph S. Galli	42,406	—	42,406
Robert R. Kern, Jr.	7,221	—	7,221
Veronica Koch	1,000	—	1,000
Steven Lang	1,000	—	1,000
Edmund T. Leonard	4,509	—	4,509
Brian K. McHale	3,221	—	3,221
Carolyn M. Mroz	29,376	—	29,376
George Philippou	1,000(2)	—	1,000
All Directors, Director Nominees and Executive Officers as a group (17 persons)	144,777	10,000	154,777

(1) Includes the following:

Name	Shares Allocated Under BayVanguard Bank ESOP	Shares Held in Trust in BayVanguard Bank 401(k) Plan
Mr. Flair	3,501	3,345
Mr. Leonard	4,315	—
Ms. Mroz	8,278	—

(2) Shares held have been pledged as security.

ITEMS TO BE VOTED ON BY STOCKHOLDERS

Item 1 — Election of Directors

The Company's Board of Directors consists of eleven members. However, Michael J. Birmingham III will retire at the annual meeting at which point the Board of Directors will be reduced to ten members. The Board is divided into three classes with three-year staggered terms. The Board of Directors' nominees for election this year to serve for a three-year term or until their successors have been elected and qualified are William Streett Baldwin and David M. Flair, each of whom are currently directors of the Company.

Unless you indicate on the proxy card that your shares should not be voted for certain nominees, the Board of Directors intends that the proxies solicited by it will be voted for the election of the Board's nominees. If any nominee is unable to serve, the persons named on the proxy card would vote your shares to approve the election of any substitute proposed by the Board of Directors. At this time, we know of no reason why any nominee might be unable to serve.

The Board of Directors recommends a vote "FOR" the election of the nominees.

Information regarding the Board of Directors' nominees and the directors continuing in office is provided below. Unless otherwise stated, each individual has held his or her current occupation for the last five years. The age indicated in each nominee's biography is as of June 30, 2018. There are no family relationships among the directors or executive officers. The indicated period for service as a director includes service as a director of either Bay Federal Savings and Loan Association or Vanguard Federal Savings and Loan Association, which merged to form Bay-Vanguard Federal Savings Bank in April 1996.

Board Nominees for a Term Ending in 2021

William Streett Baldwin is a director of Ellin & Tucker, Chartered, a business consulting and certified public accounting firm located in Baltimore, Maryland. Mr. Baldwin is a certified public accountant. Age 56. Director since 2012.

David M. Flair became the Chief Executive Officer of BV Financial and BayVanguard in October 2013 and was also named President of BV Financial and BayVanguard in November 2014. Mr. Flair was hired as the Chief Financial Officer of BV Financial and BayVanguard in February 2012 and served in that role until May 2014. Mr. Flair served as the Chief Financial Officer of Advance Bank in Baltimore, Maryland, beginning in December 2006 and was also appointed as a director and named the Acting Chief Executive Officer of Advance Bank before his departure in February 2012. Mr. Flair is a certified public accountant and was a partner with Anderson Associates LLP and Beard Miller Company LLP for almost twenty years before joining Advance Bank. Age 54. Director since 2012.

Directors with Terms Ending in 2019

Robert R. Kern, Jr. is a retired partner at the law firm of Gallagher Evelius & Jones LLP, located in Baltimore, Maryland. Age 69. Director since 1974.

Steven Lang works for the Maryland Department of the Environment in Baltimore, Maryland as the Lead Regulation and Compliance Engineer for the Air Quality Compliance Program under the Air and Radiation Management Administration. Mr. Lang was a member of the Board of Directors of Vigilant Federal Savings Bank before its acquisition by BayVanguard in May 2013 at which point he became a director of BayVanguard. Age 52. Director of BV Financial since 2016.

Edmund T. Leonard is Chairman of the Board of BV Financial and BayVanguard. Mr. Leonard was Chief Financial Officer of BV Financial and BayVanguard until February 2010, at which point he became a consultant to BV Financial and BayVanguard until December 2013. Age 74. Director since 1991.

Carolyn M. Mroz became the Chief Financial Officer of HY-TEK Bio and a member of its Executive Council in July 2015. HY-TEK Bio is an emerging leader in the reduction of greenhouse gases. Ms. Mroz was the President of BV Financial and BayVanguard until November 2014. She also served as Chief Executive Officer of BV Financial and BayVanguard until September 2013. Age 72. Director since 1969.

Directors with Terms Ending in 2020

Joseph S. Galli is an executive vice president of The Bernstein Companies, which is an owner, developer, investor and manager of commercial, residential, industrial and hotel properties in the Mid-Atlantic region of the United States. Within The Bernstein Companies, Mr. Galli is a managing director of Consortium Capital, which is a series of real estate equity funds that invest in commercial real estate throughout the Mid-Atlantic. Mr. Galli is also the Chairman of the Government Relations Committee for the Washington, D.C. chapter of Autism Speaks. Age 55. Director since 2015.

Veronica Koch is a partner and the vice president and general manager of A.A.S.C.O. – Fire & Security, a privately-held company located in Anne Arundel County that provides residential and commercial alarm systems and monitoring. She is also the director of The Mark and Nell Baumgardner Foundation, which is dedicated to improving the lives of economically disadvantaged children. Ms. Koch also serves as a member of the board of directors of the Northern Anne Arundel County Chamber of Commerce and the Chairperson of the Gold Award Advisory Panel for the Girl Scouts of Central Maryland. Age 61. Director since 2014.

Brian K. McHale is a steamship clerk with International Longshoremen's Association Local 953 located in Baltimore, Maryland and until 2014 was a state delegate to the Maryland General Assembly. Age 63. Director since 1987.

George Philippou is General Counsel for H&S Properties Development Corp., a real estate development and management company located in Baltimore, Maryland. Age 50. Director since 2011.

Item 2 – Amendment of the Company's Charter to Increase the Number of Authorized Shares

BV Financial currently authorized to issue up to 9,000,000 shares of common stock and 1,000,000 shares of preferred stock. As of September 20, 2018, there were 2,999,124 shares of common stock outstanding and no shares of preferred stock outstanding.

The Board of Directors has determined that it is in the best interests of the Company and the stockholders to increase the authorized shares of common stock from 9,000,000 to 14,000,000. The additional available shares of common stock would allow flexibility for general corporate purposes, including issuances in connection with existing stock-based benefit plans or acquisition transactions. Other than the issuance of shares of common stock to Bay-Vanguard, M.H.C. in connection with our previously announced acquisition of Kopernik Bank, we do not have specific plans or intentions with respect to acquisition transactions, or any other use of authorized but unissued common stock.

The Board of Directors believes that it is very important to have available for issuance a number of authorized shares of common stock that will be adequate to provide for future stock issuances for future corporate needs. The additional authorized shares would be available for issuance from time to time at the discretion of the Board of Directors, without further stockholder action except as may be required for a particular transaction by law, or other agreements and restrictions. The shares would be issuable for any proper corporate purpose, including future acquisitions, stock splits or issuances under current and future stock plans.

Section 5 of the Company's Charter is proposed to be amended by deleting the first sentence thereof in its entirety, and substituting in lieu thereof the following:

> The total number of shares of all classes of the capital stock which the Holding Company has authority to issue is fifteen million shares (15,000,000), of which fourteen million shares (14,000,000) shall be common stock, par value $.01 per share, and of which one million shares (1,000,000) shall be preferred stock, par value $.01 per share.

The remainder of Section 5 shall remain unchanged by the proposed amendment.

The Board of Directors recommends a vote "FOR" the proposal to amend the Charter to increase the number of authorized shares of common stock.

Item 3 – Ratification of the Independent Registered Public Accounting Firm

Rowles & Company, LLP was the Company's independent registered public accounting firm for the 2018 fiscal year. The Audit Committee of the Board of Directors has appointed Rowles & Company, LLP to be the Company's independent registered public accounting firm for the 2019 fiscal year, subject to ratification by stockholders. A representative of Rowles & Company, LLP is expected to be present at the annual meeting to respond to appropriate questions from stockholders and will have the opportunity to make a statement should he or she desire to do so.

If the ratification of the appointment of the independent registered public accounting firm is not approved by a majority of the votes represented at the annual meeting and entitled to vote, the Audit Committee of the Board of Directors may consider other independent registered public accounting firms.

The Board of Directors recommends a vote "FOR" the ratification of the appointment of Rowles & Company, LLP as independent registered public accounting firm for the Company for the 2019 fiscal year.

SUBMISSION OF BUSINESS PROPOSALS AND STOCKHOLDER NOMINATIONS

The Company's Bylaws provide that for a stockholder to make nominations for the election of directors or proposals for business to be brought before a meeting of stockholders, a stockholder must deliver written notice of such nominations and/or proposals to the Corporate Secretary not less than 30 days before the date of the meeting; provided that if less than 40 days' notice or prior public disclosure of the meeting is given or made to stockholders, such notice must be delivered not later than the close of business on the tenth day following the day on which notice of the meeting was mailed to stockholders or such public disclosure was made.

MISCELLANEOUS

The Company will pay the cost of this proxy solicitation. The Company 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 the Company. In addition to soliciting proxies by mail, directors, officers and regular employees of the Company may solicit proxies personally or by telephone. None of these persons will receive additional compensation for these activities.

If you and others who share your address own your shares in "street name," your broker or other holder of record may be sending only one annual report and proxy statement to your address. This practice, known as "householding," is designed to reduce our printing and postage costs. However, if a stockholder residing at such an address wishes to receive a separate annual report or proxy statement in the future, he or she should contact the broker or other holder of record. If you own your shares in "street name" and are receiving multiple copies of our annual report and proxy statement, you can request householding by contacting your broker or other holder of record.

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

ROWLES
& Company, LLP
Certified Public Accountants

To the Board of Directors
BV Financial, Inc.
Baltimore, Maryland

Report of Independent Auditors

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of BV Financial, Inc. and Subsidiaries, which comprise the consolidated balance sheets as of June 30, 2018 and 2017, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the years 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company'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 Company'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 BV Financial, Inc. and Subsidiaries as of June 30, 2018 and 2017, and the consolidated results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Rowles & Company, LLP

Baltimore, Maryland
September 20, 2018

8100 Sandpiper Circle, Suite 308, Baltimore, Maryland 21236
443-725-5395 Fax 443-725-5074
Website: www.Rowles.com

Consolidated Balance Sheets

June 30,	2018	2017
	(In thousands except share amounts)	
Assets		
Cash	$ 2,737	$ 4,457
Interest-bearing deposits in other banks	7,479	5,374
Cash and cash equivalents	10,216	9,831
Time deposits in other banks	250	250
Securities available for sale	13,079	12,977
Securities held to maturity (fair value of **$5,886** and $7,963)	5,930	7,873
Loans receivable, net of allowance for loan losses of **$1,807** and $2,090	124,608	126,095
Foreclosed real estate and repossessed assets	715	293
Premises and equipment, net	4,115	4,286
Federal Home Loan Bank of Atlanta stock, at cost	376	376
Investment in life insurance	5,177	5,061
Accrued interest receivable	498	574
Goodwill	120	120
Intangible assets, net	23	28
Deferred tax assets, net	1,591	2,582
Other assets	508	741
Total assets	$ 167,206	$ 171,087
Liabilities and Stockholders' Equity		
Liabilities		
Noninterest-bearing deposits	$ 18,452	$ 16,528
Interest-bearing deposits	120,233	126,075
Total deposits	138,685	142,603
Official checks	484	387
Advances from the Federal Home Loan Bank of Atlanta	3,000	3,057
Advance payments by borrowers for taxes and insurance	1,888	1,924
Other liabilities	1,499	1,494
Total liabilities	145,556	149,465
Stockholders' equity		
Preferred stock, $0.01 par value; 1,000,000 shares authorized; none issued or outstanding	-	-
Common stock, $0.01 par value; 9,000,000 shares authorized; 3,240,238 shares issued; and 2,999,124 shares outstanding as of June 30, 2018 and 2017	32	32
Paid-in capital	10,851	10,848
Unearned employee stock ownership plan shares	(65)	(134)
Treasury stock, at cost; 241,114 shares as of June 30, 2018 and 2017	(1,979)	(1,979)
Retained earnings	13,019	12,910
Accumulated other comprehensive loss	(208)	(55)
Total stockholders' equity	21,650	21,622
Total liabilities and stockholders' equity	$ 167,206	$ 171,087

See notes to consolidated financial statements.

Consolidated Statements of Income

Years Ended June 30,	**2018**	2017
	(In thousands except per share amount	
Interest income		
Loans, including fees	**$ 6,319**	$ 6,584
Investment securities	**347**	292
Other	**89**	29
Total interest income	**6,755**	6,905
Interest expense		
Deposits	**737**	739
Borrowings	**42**	45
Total interest expense	**779**	784
Net interest income	**5,976**	6,121
Provision for loan losses	**114**	401
Net interest income after provision for loan losses	**5,862**	5,720
Noninterest income		
Service fees on deposits	**120**	124
Income from investment in life insurance	**116**	79
Loss on sale of premises and equipment	**-**	(53)
Net gain on sale of foreclosed real estate and repossessed assets	**31**	20
Other income	**156**	171
Total noninterest income	**423**	341
Noninterest expenses		
Compensation and related expenses	**2,766**	2,657
Occupancy	**420**	413
Data processing	**469**	439
Advertising	**59**	64
Professional fees	**448**	389
Equipment	**160**	178
Foreclosed real estate and repossessed assets holding costs	**86**	73
Write-downs of foreclosed real estate and repossessed assets	**35**	99
Amortization of intangible assets	**5**	7
FDIC insurance premiums	**63**	96
Other	**597**	621
Total noninterest expenses	**5,108**	5,036
Income before income taxes	**1,177**	1,025
Income tax expense	**1,086**	372
Net income	**$ 91**	$ 653
Basic earnings per share	**$ 0.03**	$ 0.22
Diluted earnings per share	**$ 0.03**	$ 0.22
Dividends declared per share	**$ -**	$ -

See notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

Years Ended June 30,	**2018**	2017
	(In thousands)	
Net income	**$ 91**	$ 653
Other comprehensive loss		
Unrealized loss on securities available for sale	**(199)**	(114)
Income tax relating to securities available for sale	**64**	44
Other comprehensive loss	**(135)**	(70)
Total comprehensive (loss) income	**$ (44)**	$ 583

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Common stock	Paid-in capital	Unearned employee stock ownership plan shares	Treasury stock	Retained earnings	Accumulated other comprehensive income (loss)	Total
Balance, June 30, 2016	$ 32	$ 10,861	$ (203)	$ (1,979)	$ 12,257	$ 15	$ 20,983
Net Income	-	-	-	-	653	-	653
Change in unrealized holding loss (net of tax of $44)	-	-	-	-	-	(70)	(70)
Employee Stock Ownership Plan compensation including taxes	-	(13)	69	-	-	-	56
Balance, June 30, 2017	**32**	**10,848**	**(134)**	**(1,979)**	**12,910**	**(55)**	**21,622**
Net Income	-	-	-	-	**91**	-	**91**
Change in unrealized holding gains (loss) (net of tax of **$64**)	-	-	-	-		**(135)**	**(135)**
Reclassification due to adoption of ASU No. 2018-02					**18**	**(18)**	
Employee Stock Option Plan		**9**					**9**
Employee Stock Ownership Plan compensation including taxes	-	**(6)**	**69**	-	-	-	**63**
Balance, June 30, 2018	**$ 32**	**$ 10,851**	**$ (65)**	**$ (1,979)**	**$ 13,019**	**$(208)**	**$ 21,650**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended June 30,	2018	2017
	(In thousands)	
Cash flows from operating activities		
Net income	**$ 91**	$ 653
Adjustments to reconcile net income to net cash provided by operating activities		
Net amortization of discounts and premiums	**67**	102
Provision for loan losses	**114**	401
Gain on sale of foreclosed real estate and other repossessed assets	**(31)**	(20)
Write-downs of foreclosed real estate and other repossessed assets	**35**	99
Loss on sale of premises and equipment	**-**	53
Amortization of deferred loan fees/costs	**86**	15
Depreciation of premises and equipment	**207**	228
Amortization of intangible assets	**5**	7
Deferred tax expense	**1,054**	357
Increase in cash surrender value of life insurance	**(116)**	(79)
Stock-based compensation expense	**72**	56
(Increase) decrease in accrued interest and other assets	**309**	(189)
Increase (decrease) in other liabilities	**5**	(88)
Net cash provided by operating activities	**1,898**	1,595
Cash flows from investing activities		
Decrease in time deposits in other banks	**-**	1,210
Purchases of securities held to maturity	**(1,530)**	(2,529)
Purchases of securities available for sale	**-**	(5,497)
Proceeds from maturities and calls of available for sale securities	**-**	2,000
Proceeds from maturities and calls of held to maturity securities	**20**	25
Principal collected on mortgage-backed securities	**3,067**	2,124
Net decrease (increase) in loans	**607**	(1,604)
Purchase of premises and equipment	**(36)**	(102)
Proceeds from sale of premises and equipment	**-**	100
Proceeds from sale of foreclosed real estate and other repossessed assets	**211**	456
Purchase of life insurance	**-**	(1,500)
Proceeds from sale of impaired loans	**-**	426
Net cash provided by (used in) investing activities	**2,339**	(4,891)
Cash flows provided by financing activities		
Increase in official checks	**97**	80
Net (decrease) increase in deposits	**(3,913)**	1,350
(Decrease) increase in advance payments by borrowers for taxes and insurance	**(36)**	21
Net cash provided by financing activities	**(3,852)**	1,451
Net decrease in cash and cash equivalents	**385**	(1,845)
Cash and cash equivalents at beginning of year	**9,831**	11,676
Cash and cash equivalents at end of year	**$ 10,216**	$ 9,831
Supplementary cash flows information		
Interest paid	**$ 779**	$ 782
Income taxes paid	**$ 25**	$ 25
Supplementary noncash transactions		
Net loans transferred to foreclosed real estate and repossessed assets	**$ 637**	$ 169

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business

BV Financial, Inc. (the "Company") was organized as a federally chartered corporation at the direction of BayVanguard Bank (the "Bank") in January 2005 to become the mid-tier stock holding company for Bay-Vanguard Federal upon the completion of its reorganization into the mutual holding company form of organization. Pursuant to the Plan of Reorganization, the Bank converted to stock form with all of its stock owned by the Company and organized Bay-Vanguard, M.H.C. (the "M.H.C.") as a federally chartered mutual holding company that owned 55% of the common stock of the Company. In addition, in May 2013, the Company issued 595,238 shares to the M.H.C. in connection with the acquisition of Vigilant Federal Savings Bank ("Vigilant"). At June 30, 2018 and 2017, the M.H.C. owned **68.35%** of the common stock of the Company.

BayVanguard Bank is headquartered in Baltimore, Maryland and is a community-oriented financial institution offering traditional financial services to its local communities. The Bank is engaged primarily in the business of attracting deposits from the general public and using such funds to originate one-to-four family real estate, mobile home, marine, farm loans guaranteed by the U.S. Department of Agriculture (“USDA”), construction, multi-family, commercial real estate, commercial and consumer loans.

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

The Bank has a wholly-owned subsidiary, Housing Recovery Corporation ("HRC"). HRC's primary business is holding real estate and other assets acquired through foreclosure or repossession.

Principles of Consolidation

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

Basis of Financial Statement Presentation and Significant Estimates

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated balance sheet and revenues and expenses for the period. Actual results could differ significantly from those estimates. Material estimates that are particularly susceptible to significant change in the near-term relate to the determination of the allowance for loan losses, the assessment of other than temporary impairment of investment securities, goodwill and intangible asset impairment, and the valuation of deferred tax assets.

Significant Group Concentrations of Credit Risk

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Securities

The Company classifies investment securities as held to maturity or available for sale. Debt securities that the Company has the positive intent and ability to hold to maturity are classified as held to maturity and are reported at amortized cost (including amortization of premiums or accretion of discounts). Net unrealized gains and losses for debt securities classified as available for sale are recognized as increases or decreases in other comprehensive income or loss, net of taxes, and excluded from the determination of net income. Realized gains and losses on sales of securities are determined using the specific identification method and are included in earnings. Premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Premiums on callable debt securities are amortized through the earliest call date.

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) 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 or until maturity. In analyzing the issuer's financial condition, management considers industry analysts' reports, financial performance, and projected target prices of investment analysts.

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

The Bank held **$376,000** of FHLB restricted stock at June 30, 2018 and 2017. This restricted stock is carried at cost. Management evaluates whether this investment is impaired based on their assessment of the ultimate recoverability of the investment rather than by recognizing temporary declines in value. The determination of whether a decline affects the ultimate recoverability of the investment is influenced by criteria such as (1) the significance of the decline in net assets of the FHLB as compared to the capital stock amount for the FHLB and the length of time this situation has persisted, (2) commitments by the FHLB to make payments required by law or regulation and (3) the impact of legislative and regulatory changes on institutions and, accordingly, on the customer base of the FHLB.

Loans Receivable

Loans receivable are stated at unpaid principal balances, adjusted for premiums on loans purchased, the undisbursed portion of loans in process, net deferred loan origination fees and costs, discounts on loans acquired in a merger, and the allowance for loan losses. Interest income is accrued on the unpaid principal balance. Loan origination fees and costs are deferred and recognized as an adjustment to the yield of the related loans. The Company is amortizing these amounts over the contractual life of the loan using the interest method. For purchased loans, the related premium or discount is recognized over the contractual life of the purchased loan and is included as part of interest income. Certain discounts on acquired impaired loans are considered non-accretable until the loan is paid in full.

The accrual of interest is generally discontinued when the contractual payment of principal or interest has become 90 days past due or management has serious doubts about further collectability of principal or interest, even though the loan is currently performing.

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Loans Receivable (Continued)

A loan may remain on accrual status if it is in the process of collection and is either guaranteed or well secured. When a loan is placed on nonaccrual status, unpaid interest credited to income is reversed. Interest received on nonaccrual loans generally is either applied against principal or reported as interest income, according to management's judgment as to the collectability of principal. Generally, loans are restored to accrual status when the obligation is brought current, has performed in accordance with the contractual terms for a reasonable period of time and the ultimate collectability of the total contractual principal and interest is no longer in doubt. Interest payments on impaired loans are recorded in the same manner as interest payments on nonaccrual loans.

Allowance for Loan Losses

The allowance for loan losses is established through provisions for loan losses charged against income. Loans deemed to be uncollectible are charged against the allowance for loan losses, and subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is maintained at a level to provide for losses that are probable and can be reasonably estimated. Management's periodic evaluation of the adequacy of the allowance is based on the Company's past loan loss experience, known and inherent losses in the portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral, the composition and size of the loan portfolio, current economic conditions and other relevant factors. This evaluation is inherently subjective as it requires material estimates that may be susceptible to significant change, including the amounts and timing of future cash flows expected to be received on impaired loans.

Management reviews the allowance for loan losses on no less than a quarterly basis in order to identify the inherent losses and to assess the overall collectability of the loan portfolio by reviewing the portfolio by various segments. The evaluation process by portfolio segment includes, among other things, an analysis of delinquency trends, nonperforming loan trends, the level of charge-offs and recoveries, prior loss experience, total loans outstanding, the value of collateral securing the loan, the borrower's ability to repay, repayment performance, and local economic conditions.

The establishment of the allowance for loan losses is significantly affected by management's judgment and uncertainties, and there is a likelihood that different amounts would be reported under different conditions or assumptions. The Federal Deposit Insurance Corporation and the Maryland Office of the Commissioner of Financial Regulation, as an integral part of their examination process, periodically reviews the allowance for loan losses and may require the Company to make additional provisions for estimated loan losses based upon judgments different from those of management.

The Company will continue to monitor and modify its allowance for loan losses as conditions dictate. No assurances can be given that the level of the allowance for loan losses will cover all of the inherent losses on the loans or that future adjustments to the allowance for loan losses will not be necessary if economic and other conditions differ substantially from the economic and other conditions used by management to determine the current level of the allowance for loan losses.

A loan is considered past due or delinquent when a contractual payment is not paid in the month that it is due. A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Loan Losses (Continued)

Factors considered by management in determining impairment include payment status, collateral value and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis for multi-family, commercial real estate, and construction loans by either the present value of expected future cash flows discounted at the loan's effective interest rate or the fair value of the collateral if the loan is collateral dependent.

Foreclosed Real Estate and Repossessed Assets

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

Premises and Equipment

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

Investment in Life Insurance

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

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets acquired. Goodwill is evaluated for impairment annually. Any impairment of goodwill would be recorded against income in the period of impairment.

Intangible Assets

Intangible assets, consisting of core deposit intangibles, represent purchased assets that also lack physical substance but can be distinguished from goodwill because of contractual or other legal rights or because the asset is capable of being sold or exchanged on its own or in combination with a related contract, asset or liability. Core deposit intangibles are amortized on an accelerated basis over a period of seven to ten years. Any impairment of intangible assets would be recorded against income in the period of impairment.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Income Taxes

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

In December 2017, the President of the United States signed the Tax Cuts and Jobs Act of 2017. The Act reduced the Company's federal corporate income tax rate from 34% to 21%. The enactment of the law required the Company to revalue its deferred tax assets and liabilities during the year ended June 30, 2018. The Company recorded net income tax expense of **$731,000** related to this revaluation. Of this amount, **$18,000** of expense was attributable to the Company's net deferred tax asset for unrealized losses on available for sale securities. In addition to adjusting the deferred tax asset for this item, the Company recorded an adjustment to accumulated other comprehensive income with a transfer to retained earnings.

Statements of Cash Flows

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

Transfers of Financial Assets

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

Off-Balance Sheet Financial Instruments

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

Earnings Per Share

Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding for the appropriate period. Unearned shares under the BayVanguard Bank Employee Stock Ownership Plan (the "ESOP") are not included in outstanding shares for earnings per share purposes. Diluted earnings per share is computed by dividing net income by the weighted average shares outstanding as adjusted for the dilutive effect of stock options based on the treasury stock method. As of June 30, 2018 and 2017, the Company had **62,000** and 10,000 shares, respectively of unexercised stock options. Options with an exercise price greater than the average market price of the common shares are excluded from the calculation as their effect would be anti-dilutive. Information related to the calculation of earnings per share is summarized as follows:

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

	June 30, 2018		June 30, 2017	
	Basic	**Diluted**	Basic	Diluted
	(In thousands, except per share data)			
Net income	**$ 91**	**$ 91**	$ 653	$ 653
Weighted average common shares outstanding	**2,989**	**2,989**	2,982	82
Dilutive securities				
Stock options	**-**	**5**	-	5
Adjusted weighted average shares outstanding	**2,989**	**2,994**	2,982	87
Earnings per share amount	**$ 0.03**	**$ 0.03**	$ 0.22	$ 0.22

Stock Based Compensation

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

Employee Stock Ownership Plan

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. The difference between the market price and the cost of shares committed to be released is recorded as an adjustment to paid-in capital. Any dividends on unallocated ESOP shares are reflected as a reduction of the debt from the Company to BayVanguard Bank.

Reclassifications

Certain prior year amounts have been reclassified to conform with the current year's presentation. Such reclassifications had no effect on net income.

Subsequent Events

The Company has evaluated events and transactions occurring subsequent to the balance sheet date of June 30, 2018, for items that should potentially be recognized or disclosed in these consolidated financial statements. This evaluation was conducted through **September 20, 2018**, the date these financial statements were available to be issued.

On August 23, 2018, the Bank converted from a federally-chartered savings bank to a Maryland-chartered savings bank. On August 24, 2018, the Bank changed its name to BayVanguard Bank. On August 29, 2018, BayVanguard Bank and Kopernik Bank announced the execution of a merger agreement pursuant to which Kopernik Bank will merge with and into BayVanguard Bank. The merger is expected to increase

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BV Financial, Inc.'s assets and equity to approximately $326.1 million and $61.4 million, respectively. At the close of the transaction, BV Financial will issue to Bay-Vanguard M.H.C. a number of shares equal to the quotient obtained by dividing the appraised value of Kopernik by the market price per share of BV Financial. The transaction is subject to approval by Kopernik's depositors and customary regulatory approvals.

NOTE 2 – SECURITIES

Securities available for sale at June 30, 2018 and 2017, consisted of the following:

June 30, 2018	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
	(In thousands)			
Available for sale				
U.S. government agency securities	**$ 6,998**	**$ -**	**$ 157**	**$ 6,841**
Mortgage-backed securities	**6,368**	**3**	**133**	**6,238**
	$13,366	**$ 3**	**$ 290**	**$13,079**
June 30, 2017				
Available for sale				
U.S. government agency securities	$ 6,997	$ -	$ 57	$ 6,940
Mortgage-backed securities	6,068	7	38	6,037
	$ 13,065	$ 7	$ 95	$ 12,977

Securities held to maturity at June 30, 2018 and 2017, consisted of the following:

June 30, 2018	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
	(In thousands)			
Held to maturity				
U.S. government agency securities	**$ 400**	**$ -**	**$ 7**	**$ 393**
Mortgage-backed securities	**5,530**	**45**	**82**	**5,493**
	$ 5,930	**$ 45**	**$ 89**	**$ 5,886**
June 30, 2017				
Held to maturity				
U.S. government agency securities	$ 399	$ -	$ 3	$ 396
Mortgage-backed securities	7,454	102	9	7,547
CDA municipal securities	20	-	-	20
	$ 7,873	$ 102	$ 12	$ 7,963

NOTE 2 – SECURITIES (CONTINUED)

The amortized cost and fair value of securities as of June 30, 2018 and 2017, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because the securities may be called or prepaid with or without prepayment penalties.

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	Available for sale		Held to maturity	
June 30, 2018	Amortized cost	Fair value	Amortized cost	Fair value
	(In thousands)			
Maturing				
Due after one year through five years	**$ 6,998**	**$ 6,841**	**$ 400**	**$ 393**
Due after five years through ten years	**-**	**-**	**-**	**-**
Due after ten years	**-**	**-**	**-**	**-**
Mortgage-backed securities	**6,368**	**6,238**	**5,530**	**5,493**
	$ 13,366	**$ 13,079**	**$ 5,930**	**$ 5,886**
June 30, 2017				
Maturing				
Due after one year through five years	$ 6,997	$ 6,940	$ 399	$ 396
Due after five years through ten years	-	-	20	20
Due after ten years	-	-	-	-
Mortgage-backed securities	6,068	6,037	7,454	7,547
	$ 13,065	$ 12,977	$ 7,873	$ 7,963

NOTE 2 – SECURITIES (CONTINUED)

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

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

	Less than 12 months		Over 12 months		Total	
June 30, 2018	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value
			(In thousands)			
Available for sale						
U.S. government agency securities	**$ -**	**$ -**	**$ 157**	**$ 6,841**	**$ 157**	**$ 6,841**
Mortgage-backed securities	**53**	**3,056**	**80**	**3,135**	**133**	**6,191**
	$ 53	**$ 3,056**	**$ 237**	**$ 9,976**	**$ 290**	**$13,032**
Held to maturity						
U.S. government agency securities	**$ -**	**$ -**	**$ 7**	**$ 393**	**$ 7**	**$ 393**
Mortgage-backed securities	**2**	**2,272**	**31**	**1,362**	**33**	**3,634**
	$ 2	**$2,272**	**$ 38**	**$ 1,755**	**$ 40**	**$ 4,027**
June 30, 2017						
Available for sale						
U.S. government agency securities	$ 57	$ 6,940	$ -	$ -	$ 57	$ 6,940
Mortgage-backed securities	22	1,915	16	1,368	38	3,283
	$ 79	$ 8,855	$ 16	$ 1,368	$ 95	$ 10,223
Held to maturity						
U.S. government agency securities	$ 3	$ 396	$ -	$ -	$ 3	$ 396
Mortgage-backed securities	9	2,889	-	12	9	2,901
	$ 12	$ 3,285	$ -	$ 12	$ 12	$ 3,297

Management has the ability and intent to hold these investment securities until maturity. The decline in fair value is the result of changes in interest rates, not a deterioration of the credit standing of the issuers. Since no loss is expected on these securities, no impairment has been recorded.

NOTE 3 – LOANS RECEIVABLE

Loans receivable at June 30, 2018 and 2017, consisted of the following:

	2018	2017
	(In thousands)	
Real estate loans		
One-to-four family owner occupied	**$ 44,477**	$ 47,994
One-to-four family nonowner occupied	**25,038**	27,852
Multi-family and commercial	**29,960**	26,139
Land	**281**	315
Farm loans guaranteed by the USDA	**6,521**	6,784
Construction	**1,296**	1,759
Mobile homes	**3,253**	3,845
Marine	**11,136**	9,250
Other consumer	**516**	283
Commercial	**3,417**	3,358
Gross loans	**125,895**	127,579
Deferred loan originations costs, net	**520**	606
Allowance for loan losses	**(1,807)**	(2,090)
Total loans receivable, net	**$ 124,608**	$ 126,095

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

The majority of the Company's loans receivable are secured by residential, multi-family and commercial real estate properties located in Maryland. Loans are extended only after evaluation by management of a customer's creditworthiness and other relevant factors on a case-by-case basis. The Company generally does not lend more than 90% of the appraised value of a property and usually requires private mortgage insurance on residential mortgages with loan-to-value ratios in excess of 80%. In some instances, the Company has lent up to 90% of the appraised value of a property through a combination of first and second mortgages without requiring private mortgage insurance. The Company originates and purchases marine loans up to a maximum of 90% of the value of the boat. In addition, the Company generally obtains personal guarantees of repayment from borrowers and/or others for construction, commercial and multi-family residential loans and disburses the proceeds of construction and similar loans only as work progresses on the related projects.

NOTE 3 – LOANS RECEIVABLE (CONTINUED)

A summary of transactions in the allowance for loan losses during the year ended June 30, 2018, follows:

	Year Ended June 30, 2018 (In thousands)											
	Real estate											
	One-to-four family											
	Owner occupied	Nonowner occupied	Multi-family and commercial	Land	Farm	Construction	Mobile homes	Marine	Other consumer	Commercial	Unallocated	Total
Allowance												
Beginning balance	**$ 484**	**$ 1,034**	**$ 328**	**$ 1**	**$ -**	**$ 13**	**$ 91**	**$ 79**	**$ 2**	**$ 29**	**$ 29**	**$ 2,090**
Charge offs	**(27)**	**(422)**	**-**	**-**	**-**	**-**	**(26)**	**-**	**-**	**-**	**-**	**(475)**
Recoveries	**53**	**23**	**-**	**-**	**-**	**-**	**2**	**-**	**-**	**-**	**-**	**78**
Provision (credit)	**(206)**	**207**	**(29)**	**-**	**-**	**(5)**	**(25)**	**10**	**-**	**(1)**	**163**	**114**
Ending balance	**$ 304**	**$ 842**	**$ 299**	**$ 1**	**$ -**	**$ 8**	**$ 42**	**$ 89**	**$ 2**	**$ 28**	**$ 192**	**$ 1,807**
Ending balance individually evaluated for impairment	**$ 60**	**$ 57**	**$ 1**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 118**
Ending balance collectively evaluated for impairment	**$ 244**	**$ 785**	**$ 298**	**$ 1**	**$ -**	**$ 8**	**$ 42**	**$ 89**	**$ 2**	**$ 28**	**$ 192**	**$ 1,689**
Loans												
Ending balance individually evaluated for impairment	**$ 1,973**	**$ 1,135**	**$ 988**	**$ -**	**$ -**	**$ -**	**$ 51**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 4,147**
Ending balance collectively evaluated for impairment	**42,504**	**23,903**	**28,972**	**281**	**6,521**	**1,296**	**3,202**	**11,136**	**516**	**3,417**	**-**	**121,748**
	$44,477	**$ 25,038**	**$29,960**	**$281**	**$ 6,521**	**$ 1,296**	**$ 3,253**	**$ 11,136**	**$ 516**	**$ 3,417**	**$ -**	**$ 125,895**

NOTE 3 – LOANS RECEIVABLE (CONTINUED)

A summary of transactions in the allowance for loan losses during the year ended June 30, 2017, follows:

	Year Ended June 30, 2017 (In thousands)											
	Real estate											
	One-to-four family Owner occupied	One-to-four family Nonowner occupied	Multi-family and commercial	Land	Farm	Construction	Mobile homes	Marine	Other consumer	Commercial	Unallocated	Total
Allowance												
Beginning balance	$ 530	$ 807	$ 374	$ 1	$ -	$ 10	$ 137	$ 48	$ 2	$ 27	$ 175	$ 2,111
Charge offs	(95)	(455)	(5)	-	-	-	(33)	-	-	-	-	(588)
Recoveries	6	78	-	-	-	-	82	-	-	-	-	166
Provision (credit)	43	604	(41)	-	-	3	(95)	31	-	2	(146)	401
Ending balance	$ 484	$ 1,034	$ 328	$ 1	$ -	$ 13	$ 91	$ 79	$ 2	$ 29	$ 29	$ 2,090
Ending balance individually evaluated for impairment	$ 70	$ 151	$ 1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 222
Ending balance collectively evaluated for impairment	$ 414	$ 883	$ 327	$ 1	$ -	$ 13	$ 91	$ 79	$ 2	$ 29	$ 29	$ 1,868
Loans												
Ending balance individually evaluated for impairment	$ 2,135	$ 2,098	$ 395	$ -	$ -	$ -	$ 56	$ -	$ -	$ -	$ -	$ 4,684
Ending balance collectively evaluated for impairment	45,859	25,754	25,744	315	6,784	1,759	3,789	9,250	283	3,358	-	122,895
	$47,994	$ 27,852	$26,139	$315	$6,784	$1,759	$ 3,845	$9,250	$283	$ 3,358	$ -	$127,579

The loans acquired in the Vigilant merger were recorded at estimated fair value on the merger date with no carryover of the related allowance for loan losses. In estimating the fair value of loans acquired, certain factors were considered, including the remaining lives of the acquired loans, payment history, estimated prepayments, estimated loss ratios, the estimated value of the underlying collateral, and the net present value of cash flows expected. Discounts on loans that were not considered impaired at acquisition were recorded as an accretable discount, which will be recognized in interest income over the terms of the related loans. For loans considered to be impaired, the difference between the contractually required payments and expected cash flows was recorded as a nonaccretable discount. Generally, the nonaccretable discount will be recognized after collection of the discounted fair value of the related loan. The remaining accretable and nonaccretable discounts on loans acquired were **$187,000** and **$271,000**, respectively, as of June 30, 2018. The remaining accretable and nonaccretable discounts on loans acquired were $219,000 and $337,000, respectively, as of June 30, 2017. During the years ended June 30, 2018 and 2017, the Company recorded accretion related to the accretable discount on the loans acquired in the Vigilant merger of **$32,000** and $57,000, respectively. The remaining outstanding principal balance of loans acquired in the Vigilant merger were **$14.5** million and $17.1 million as of June 30 2018 and 2017, respectively.

In addition to the credit quality adjustment, the Company recorded a premium on the Vigilant loans acquired related to the interest rate and maturities of the performing loans in the Vigilant portfolio. As of June 30,

NOTE 3 – LOANS RECEIVABLE(CONTINUED)

2018 and 2017, the remaining premium, which will be amortized into income over the lives of the related loans, was **$110,000** and $125,000, respectively.

The Company's policies, consistent with regulatory guidelines, provide for the classification of loans and other assets that are considered to be of lesser quality as substandard, doubtful, or loss assets. A loan is considered substandard if it is inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Substandard loans include those loans characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected. Loans classified as doubtful have all of the weaknesses inherent in those classified substandard with the added characteristic that the weaknesses present make collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable and improbable. Loans (or portions of loans) classified as loss are those considered uncollectible and of such little value that their continuance as assets is not warranted. Loans that do not expose the Company to risk sufficient to warrant classification in one of the aforementioned categories, but which possess potential weaknesses that deserve close attention, are required to be designated as special mention.

In the Company's allowance for loan losses analysis, higher reserve factors are applied to loans identified as special mention, substandard, or doubtful. Determinations as to the classification of loans and the amount of loss allowances are subject to review by our regulators, the Federal Deposit Insurance Corporation and the Maryland Office of the Commissioner of Financial regulation, which can require that we establish additional loss allowances. The Company regularly reviews its loan portfolio to determine whether any loans require classification in accordance with applicable regulations.

NOTE 3 - LOANS RECEIVABLE(CONTINUED)

The following table summarizes the classification of the loan portfolio at June 30, 2018:

	June 30, 2018 (In thousands)				
	Pass	Special Mention	Substandard	Doubtful	Total
Real estate					
One-to-four family owner occupied	$ 44,293	$ -	$ 184	$ -	$ 44,477
One-to-four family nonowner occupied	23,713	-	1,325	-	25,038
Multi-family and commercial	28,756	-	1,204	-	29,960
Land	281	-	-	-	281
Farm	6,521	-	-	-	6,521
Construction	1,296	-	-	-	1,296
Total real estate loans	104,860	-	2,713	-	107,573
Mobile homes	3,205	-	48	-	3,253
Marine	11,136	-	-	-	11,136
Other consumer	516	-	-	-	516
Commercial	3,417	-	-	-	3,417
Total consumer and commercial	18,274	-	48	-	18,322
Total loans	$123,134	$ -	$ 2,761	$ -	$125,895

NOTE 3 – LOANS RECEIVABLE (CONTINUED)

The following table summarizes classification of the loan portfolio at June 30, 2017

:

	June 30, 2017 (In thousands)				
	Pass	Special Mention	Substandard	Doubtful	Total
Real estate					
One-to-four family owner occupied	$ 47,715	$ -	$ 279	$ -	$ 47,994
One-to-four family nonowner occupied	23,477	75	4,300	-	27,852
Multi-family and commercial	25,129	403	607	-	26,139
Land	315	-	-	-	315
Farm	6,784	-	-	-	6,784
Construction	1,759	-	-	-	1,759
Total real estate loans	105,179	478	5,186	-	110,843
Mobile homes	3,777	-	68	-	3,845
Marine	9,250	-	-	-	9,250
Other consumer	283	-	-	-	283
Commercial	3,281	77	-	-	3,358
Total consumer and commercial	16,591	77	68	-	16,736
Total loans	$ 121,770	$ 555	$ 5,254	$ -	$ 127,579

NOTE 3 – LOANS RECEIVABLE (CONTINUED)

The following tables set forth certain information with respect to our loan portfolio delinquencies by loan class:

June 30, 2018
(In thousands)

	30-59 days past due	60-89 days past due	Greater than 90 days past due	Total past due	Current	Total loans	Loans greater than 90 days and accruing
Real estate loans							
One-to-four family owner occupied	**$ 45**	**$ -**	**$ 48**	**$ 93**	**$ 44,384**	**$ 44,477**	**$ -**
One-to-four family nonowner occupied	**113**	**-**	**117**	**230**	**24,808**	**25,038**	**86**
Multi-family and commercial	**-**	**-**	**414**	**414**	**29,546**	**29,960**	**-**
Land	**-**	**-**	**-**	**-**	**281**	**281**	**-**
Farm	**-**	**-**	**-**	**-**	**6,521**	**6,521**	**-**
Construction	**-**	**-**	**-**	**-**	**1,296**	**1,296**	**-**
Total real estate loans	**158**	**-**	**579**	**737**	**106,836**	**107,573**	**86**
Mobile homes	**24**	**8**	**-**	**32**	**3,221**	**3,253**	**-**
Marine	**-**	**-**	**-**	**-**	**11,136**	**11,136**	**-**
Other consumer	**-**	**-**	**-**	**-**	**516**	**516**	**-**
Commercial	**-**	**-**	**-**	**-**	**3,417**	**3,417**	**-**
Total consumer and commercial	**24**	**8**	**-**	**32**	**18,290**	**18,322**	**-**
Total loans	**$ 182**	**$ 8**	**$ 579**	**$ 769**	**$ 125,126**	**$ 125,895**	**$ 86**

June 30, 2017
(In thousands)

	30-59 days past due	60-89 days past due	Greater than 90 days past due	Total past due	Current	Total loans	Loans greater than 90 days and accruing
Real estate loans							
One-to-four family owner occupied	$ 820	$ 18	$ 155	$ 993	$ 47,001	$ 47,994	$ -
One-to-four family nonowner occupied	398	-	887	1,285	26,567	27,852	-
Multi-family and commercial	389	-	75	464	25,675	26,139	-
Land	-	-	-	-	315	315	-
Farm	-	-	-	-	6,784	6,784	-
Construction	-	-	-	-	1,759	1,759	-
Total real estate loans	1,607	18	1,117	2,742	108,101	110,843	-
Mobile homes	112	20	18	150	3,695	3,845	-
Marine	-	-	-	-	9,250	9,250	-
Other consumer	1	-	-	1	282	283	-
Commercial	-	-	-	-	3,358	3,358	-
Total consumer and commercial	113	20	18	151	16,585	16,736	-
Total loans	$ 1,720	$ 38	$ 1,135	$ 2,893	$ 124,686	$ 127,579	$ -

NOTE 3 – LOANS RECEIVABLE (CONTINUED)

The following is a summary of nonaccrual loans by class as of the dates indicated:

	2018	2017
	(In thousands)	
Real estate loans		
One-to-four family owner occupied	**$ 48**	$ 154
One-to-four family nonowner occupied	**31**	906
Multi-family and commercial	**744**	75
Land	**-**	-
Farm	**-**	-
Construction	**-**	-
Total real estate loans	**823**	1,135
Mobile homes	**18**	22
Marine	**-**	-
Other consumer	**-**	-
Commercial	**-**	-
Total consumer and commercial loans	**18**	22
Total nonaccrual loans	**$ 841**	$ 1,157

Interest that would have been accrued under the terms of the nonaccrual loans was approximately **$91,000** at June 30, 2018, and $181,000 at June 30, 2017.

At June 30, 2018 and 2017, the Company had **$342,000** and $154,000 in residential mortgages in the process of foreclosure.

An impaired loan generally is one for which it is probable, based on current information, that the lender will not collect all the amounts due under the contractual terms of the loan. Loans are individually evaluated for impairment. When the Company classifies a problem loan as impaired, it records an impairment for that portion of the asset that is deemed uncollectible, based on the present value of the expected future cash flows discounted at the loan's original effective interest rate or based on the fair value of the collateral if the loan is collateral dependent.

NOTE 3 – LOANS RECEIVABLE (CONTINUED)

The following is a summary of impaired loans by class of loans as of June 30, 2018:

	Recorded investment	Unpaid principal balance	Related allowance	Average recorded investment	Interest income recognized
			(In thousands)		
With an allowance recorded					
Real estate loans					
One-to-four family owner occupied	$ 1,308	$ 1,308	$ 60	$ 1,125	$ 52
One-to-four family nonowner occupied	958	958	57	822	57
Multi-family and commercial	244	290	1	290	15
Land	-	-	-	-	-
Farm	-	-	-	-	-
Construction	-	-	-	-	-
Mobile homes	-	-	-		-
Marine	-	-	-	-	-
Other consumer	-	-	-	-	-
Commercial	-	-	-	-	-
	2,510	2,556	118	2,237	124
With no allowance recorded					
Real estate loans					
One-to-four family owner occupied	665	665	-	1,508	37
One-to-four family nonowner occupied	177	208	-	1,683	8
Multi-family and commercial	744	1,072	-	171	-
Land	-	-	-	-	-
Farm	-	-	-	-	-
Construction	-	-	-	-	-
Mobile homes	51	51	-	54	2
Marine	-	-	-	-	-
Other consumer	-	-	-	-	-
Commercial	-	-	-	-	-
	1,637	1,996	-	3,416	47
Total					
Real estate loans					
One-to-four family owner occupied	1,973	1,973	60	2,633	89
One-to-four family nonowner occupied	1,135	1,166	57	2,505	65
Multi-family and commercial	988	1,362	1	461	15
Land	-	-	-	-	-
Farm	-	-	-	-	-
Construction	-	-	-	-	-
Mobile homes	51	51	-	54	2
Marine	-	-	-	-	-
Other consumer	-	-	-	-	-
Commercial	-	-	-	-	-
	$ 4,147	$ 4,552	$ 118	$ 5,653	$ 171

NOTE 3 – LOANS RECEIVABLE (CONTINUED)

The following is a summary of impaired loans by class of loans as of June 30, 2017:

	Recorded investment	Unpaid principal balance	Related allowance	Average recorded investment	Interest income recognized
			(In thousands)		
With an allowance recorded					
Real estate loans					
One-to-four family owner occupied	$ 1,350	$ 1,350	$ 70	$ 1,238	$ 50
One-to-four family nonowner occupied	1,492	1,659	151	887	44
Multi-family and commercial	320	366	1	320	19
Land	-	-	-	-	-
Farm	-	-	-	-	-
Construction	-	-	-	-	-
Mobile homes	-	-	-		-
Marine	-	-	-	-	-
Other consumer	-	-	-	-	-
Commercial	-	-	-	-	-
	3,162	3,375	222	2,445	113
With no allowance recorded					
Real estate loans					
One-to-four family owner occupied	785	785	-	1,583	45
One-to-four family nonowner occupied	606	700	-	1,344	7
Multi-family and commercial	75	403	-	171	-
Land	-	-	-	-	-
Farm	-	-	-	-	-
Construction	-	-	-	-	-
Mobile homes	56	56	-	56	2
Marine	-	-	-	-	-
Other consumer	-	-	-	-	-
Commercial	-	-	-	-	-
	1,522	1,944	-	3,154	54
Total					
Real estate loans					
One-to-four family owner occupied	2,135	2,135	70	2,821	95
One-to-four family nonowner occupied	2,098	2,359	151	2,231	51
Multi-family and commercial	395	769	1	491	19
Land	-	-	-	-	-
Farm	-	-	-	-	-
Construction	-	-	-	-	-
Mobile homes	56	56	-	56	2
Marine	-	-	-	-	-
Other consumer	-	-	-	-	-
Commercial	-	-	-	-	-
	$ 4,684	$ 5,319	$ 222	$ 5,599	$ 167

NOTE 3 – LOANS RECEIVABLE (CONTINUED)

Loans may be periodically modified in a troubled debt restructuring ("TDR") to make concessions to help a borrower remain current and/or to avoid foreclosure. Generally, we do not forgive principal or interest on a loan or modify the interest rate on loans that are below market rates. When we modify loans in a TDR, we evaluate any possible impairment similar to other impaired loans. If we determine that the value of the modified loan is less than the recorded investment in the loan, impairment is recognized. The Company has no commitments to lend additional funds to borrowers whose loans have been modified.

The status of TDRs as of June 30, 2018 and 2017, follows:

		June 30, 2018		
	Number of	recorded investment		
	contracts	Performing	Nonperforming	Total
		(In thousands)		
Real estate				
One-to-four family owner occupied	**12**	**$ 1,924**	**$ -**	**$ 1,924**
One-to-four family nonowner occupied	**8**	**1,104**	**-**	**1,104**
Multi-family and commercial	**2**	**245**	**62**	**307**
Land	-	-	-	-
Farm	-	-	-	-
Construction	-	-	-	-
Mobile homes	**1**	**33**	**-**	**33**
Marine	-	-	-	-
Other consumer	-	-	-	-
Commercial	-	-	-	-
	23	**$ 3,306**	**$ 62**	**$ 3,368**

		June 30, 2017		
	Number of	recorded investment		
	contracts	Performing	Nonperforming	Total
		(In thousands)		
Real estate				
One-to-four family owner occupied	16	$ 1,984	$ 126	$ 2,110
One-to-four family nonowner occupied	10	1,192	453	1,645
Multi-family and commercial	3	319	75	394
Land	-	-	-	-
Farm	-	-	-	-
Construction	-	-	-	-
Mobile homes	1	34	-	34
Marine	-	-	-	-
Other consumer	-	-	-	-
Commercial	-	-	-	-
	30	$ 3,529	$ 654	$ 4,183

NOTE 3 – LOANS RECEIVABLE (CONTINUED)

There were no TDRs modified during the year ended June 30, 2018.

The following TDRs were modified during the year ended June 30, 2017:

		June 30, 2017		
	Number of	recorded investment		
	contracts	Performing	Nonperforming	Total
		(In thousands)		
Real estate				
One-to-four family owner occupied	**2**	**$ 413**	**$ -**	**$ 413**
One-to-four family nonowner occupied	**2**	**609**	**-**	**609**
Multi-family and commercial	-	-	-	-
Land	-	-	-	-
Farm	-	-	-	-
Construction	-	-	-	-
Mobile homes	-	-	-	-
Marine	-	-	-	-
Other consumer	-	-	-	-
Commercial	-	-	-	-
	4	**$ 1,022**	**$ -**	**$1,022**

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 financial instruments are limited to commitments to originate loans and unused lines of credit and involve, to varying degrees, elements of credit risk in excess of the amount recognized in the balance sheet. The Company's exposure to credit loss from nonperformance by the other party to the above mentioned financial instruments is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments. The Company generally requires collateral or other security to support financial instruments with off-balance sheet credit risk.

NOTE 3 – LOANS RECEIVABLE (CONTINUED)

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee.

Financial instruments whose contract amounts represent credit risk	Contract amount at June 30, 2018	2017
	(In thousands)	
Construction loan commitments	**$ 437**	$ 734
Unused lines of credit	**5,472**	3,699
Mortgage and consumer loan commitments	**3,125**	1,897
Total	**$ 9,034**	$ 6,330

Commitments to fund new mortgage and consumer loans of **$3.1 million** include **$370,000** in a loan secured by owner-occupied residential properties with a rate of 4.65%, a **$200,000** loan secured by a non-owner occupied residential property with a rate of 6.75% and **$2.6 million** in commercial real estate and multifamily loans with rates between 5.00% and 6.00%. Loan commitments to fund new loans of $1.9 million not reflected in the accompanying financial statements at June 30, 2017 include $228,000 in loans secured by owner-occupied residential properties with rates between 3.00% and 4.75%, $683,000 in commercial and commercial real estate loans with rates between 5.00% and 5.75% and $986,000 in marine loans with rates between 3.50% and 6.25%.

NOTE 4 – PREMISES AND EQUIPMENT

Premises and equipment at June 30, 2018 and 2017, are summarized by major classification as follows:

	Useful life in years	2018	2017
		(In thousands)	
Land	-	**$ 636**	$ 636
Buildings	15 - 40	**4,140**	4,133
Leasehold improvements	5 - 10	**231**	231
Furniture, fixtures, and equipment	3 - 10	**1,212**	1,183
		6,219	6,183
Accumulated depreciation		**(2,104)**	(1,897)
		$ 4,115	$ 4,286

Depreciation expense for the years ended June 30, 2018 and 2017, was **$207,000** and $228,000, respectively.

NOTE 5 – GOODWILL AND INTANGIBLE ASSETS

In May 2013, the Company acquired Vigilant Federal Savings Bank. As a result of this transaction, the Company recorded goodwill totaling $120,000 and a core deposit intangible totaling $66,000. The goodwill and core deposit intangible are not deductible for tax purposes due to the structure of the transaction. The goodwill and core deposit intangible are evaluated annually for impairment.

In August 2007, the Company acquired a branch in Pasadena, Maryland. The goodwill of $3.9 million was determined to be fully impaired, and was written off during the year ended June 30, 2009. The core deposit intangible associated with the Pasadena Branch has been fully amortized.

The activity in acquired intangible assets related to the Vigilant merger for the years ended June 30, 2018 and 2017, is as follows:

June 30,	2018	2017
	(In thousands)	
Net carrying amount at beginning of year	**$ 28**	$ 35
Amortization	**(5)**	(7)
Net carrying amount at end of the year	**$ 23**	$ 28

At June 30, 2018, future estimated annual amortization expense is as follows (in thousands):

Year ending June 30,	
2019	$ 4
2020	4
2021	4
2022	4
Thereafter through 2023	7
	$ 23

NOTE 6 – DEPOSITS

Deposits are summarized as follows:

June 30,	2018	2017
	(In thousands)	
Noninterest-bearing checking accounts	**$ 18,452**	$ 16,528
Interest-bearing checking accounts	**8,979**	7,056
Money market accounts	**34,157**	37,155
Savings accounts	**30,795**	30,613
Certificates of deposit	**46,302**	51,251
	$ 138,685	$ 142,603

NOTE 6 – DEPOSITS (CONTINUED)

Interest expense on deposits for the years ended June 30, 2018 and 2017, is summarized as follows:

June 30,	2018	2017
	(In thousands)	
Interest-bearing checking accounts	**$ 4**	$ 4
Money market accounts	**112**	117
Savings accounts	**44**	44
Certificates of deposit	**577**	574
	$ 737	$ 739

At June 30, 2018 and 2017, the Bank had **$3.2 million** and $4.3 million in certificates of deposit of $250,000 or more, respectively. Deposits in excess of $250,000 may not be insured by the FDIC.

At June 30, 2018 scheduled maturities of certificates of deposit are as follows (in thousands):

2018	$ 22,569
2019	7,802
2020	7,958
2021	4,621
2022	3,352
	$ 46,302

NOTE 7 – BORROWINGS

The Bank has an agreement under a blanket floating lien with the FHLB providing the Bank a line of credit of up to 20% of its total assets limited to the lendable collateral value of qualified assets the Bank has to pledge to support its borrowings. At June 30, 2018 and 2017, the Bank had credit availability of **$38.9** million and $39.5 million, respectively. At June 30, 2018 and 2017, the Bank had a **$3.0 million** FHLB advance outstanding with a rate of **3.23%** and a maturity date of July 11, 2018. The advance, which was assumed in the Vigilant merger, was recorded at estimated fair value and the Bank recorded a premium of $270,000, which is being amortized over the remaining term of the advance. At June 30, 2018 and 2017, the remaining premium balance was **$0** and $57,000, respectively. The Bank is required to maintain qualified mortgage loans as collateral for its FHLB advances in an amount equal to 125% of the outstanding advances. As of June 30, 2018, the Bank had pledged **$37.3 million** of loans to the FHLB for advances. Additionally, at June 30, 2018 and 2017, the Bank had a **$2.0 million** unsecured demand line of credit facility with a correspondent bank, which had no outstanding balance. The Bank would be required to pledge securities in its portfolio to receive advances under this line of credit.

NOTE 8 – PROFIT SHARING AND DEFERRED COMPENSATION AGREEMENTS

The Company has a profit sharing plan and a 401(k) plan for all eligible employees. Contributions to the plans are discretionary by the Board of Directors. For the years ended June 30, 2018 and 2017, there were no expenses for the profit sharing plan and expenses of **$31,000** and $34,000 for the 401(k) plan, respectively.

NOTE 8 – PROFIT SHARING AND DEFERRED COMPENSATION AGREEMENTS (CONTINUED)

The Company has supplemental executive retirement agreements with two of its retired executive officers. Under the agreements, each executive will receive a stated annual benefit in monthly installments for 15 years following his or her separation from service after attaining a normal retirement age of 65. If the executive dies after monthly payments have commenced under the agreement, the executive's beneficiary will receive the remaining installments in monthly payments in accordance with the schedule of payments due to the executive. Both executives covered by these agreements are receiving benefits under the terms of the agreements. During the years ended June 30, 2018 and 2017, benefits of **$114,000** were paid in accordance with the agreements.

The Company has supplemental retirement agreements with certain directors. Under the agreements, each director will receive a stated annual benefit in monthly installments for ten years following his or her separation from service after attaining a normal retirement age of 70. If the director separates either voluntarily or involuntarily from service prior to reaching his or her normal retirement age, the director will receive an unreduced lump sum of the accrued liability balance (i.e., the amount accrued to fund the future benefit expense under the agreement) within thirty days of the separation from service. Upon a change in control, the director will receive a stated annual benefit in monthly installments for ten years following the change in control. If the director dies while actively serving as a director, the director's beneficiary will receive an unreduced lump sum of the accrued liability balance within thirty days of the director's death. If the director dies after monthly payments have commenced under the agreement, the director's beneficiary will receive the remaining installments in monthly payments in accordance with the schedule of payments due to the director.

The Company agreed to maintain post-retirement agreements with two former directors of Vigilant. The agreements call for the Company to pay the premiums for supplemental health insurance for the directors and their spouses for life.

In April 2018, the Company entered into a salary continuation agreement with the CEO of the Company. Under the agreement, the executive will receive a stated annual benefit in monthly installments for 15 years following his separation from service after attaining a normal retirement age of 68. If the executive dies after monthly payments have commenced under the agreement, the executive's beneficiary will receive the present value of the remaining installments.

The accrued liabilities for the executive retirement agreements were **$782,000** and $812,000 and for the director retirement agreements were **$252,000** and $260,000 at June 30, 2018 and 2017, respectively. The Company recognized compensation expense related to these plans in the amount of **$101,000** and $80,000 during the years ended June 30, 2018 and 2017, respectively.

Accounting standards require the recognition of a liability and related compensation costs for endorsement split-dollar life insurance policies that provide a benefit to an employee that extends to post-retirement periods. Bank-owned life insurance policies purchased for this purpose do not effectively settle the Company's obligation to the employee in this regard and thus the Company records a benefit cost and a related liability. As of June 30, 2018, and 2017, the Company has recorded a liability of **$39,000** and $35,000, respectively, for this benefit.

NOTE 9 – COMMON STOCK AND EMPLOYEE STOCK OWNERSHIP PLAN

At the same time as the reorganization in 2005, the Bank established an ESOP for its employees. On January 12, 2005, the ESOP acquired 103,684 shares of the Company's common stock with funds provided by a loan from the Company. Accordingly, $1.0 million of common stock acquired by the ESOP was shown as a reduction of stockholders' equity. The ESOP loan is being repaid principally from the Bank's contributions to the ESOP in 15 equal annual installments through 2020 and bears interest at the rate of five and one quarter percent (5.25%). Shares are released to participants proportionately based on current compensation as the loan is repaid. The Bank recognizes compensation expense as shares are committed for release from collateral at their fair market value. Dividends on allocated shares are recorded as a reduction of retained earnings and dividends on unallocated shares are recorded as a reduction of debt. The Company recognized **$63,000** and $54,000 of compensation expense for the years ended June 30, 2018 and 2017, respectively. The ESOP holds the common stock in a trust for allocation among participating employees. A total of **6,912** shares were allocated and released to participants during each of the years ended June 30, 2018 and 2017. The unearned ESOP shares totaled **6,912** and 13,828 at June 30, 2018 and 2017, respectively. The fair value of the unearned shares at June 30, 2018 and 2017 was **$77,805** and $109,103, respectively.

All employees of the Bank who attain the age of 21 and complete one year of service with the Bank will be eligible to participate in the ESOP. Each participant's vested interest under the ESOP is determined according to the following schedule: 1 year - 20%, 2 years - 40%, 3 years - 60%, 4 years - 80%, 5 years - 100%. For vesting purposes, a year of service means any plan year in which an employee completes at least 1,000 hours of service.

Vesting accelerates to 100% upon (1) termination of the Plan or upon the permanent and complete discontinuance of contributions by the Bank, (2) termination of service on or after the participant's normal or postponed retirement date, (3) a change in control, or (4) termination of service by reason of death or disability.

NOTE 10 – EQUITY INCENTIVE PLAN

On March 21, 2012, the Company granted stock options covering 10,000 shares of common stock to an officer of the Company, of which **10,000** were exercisable at June 30, 2018 and 2017, respectively. The options were granted with an exercise price at the then fair market value of the stock of $3.25, vest over five years and expire ten years from the date of grant. On December 14, 2017, the Company granted 52,000 stock options to officers and employees of the Company of which none were exercisable at June 30, 2018. The options were granted with an exercise price at the then fair market value of the stock of $8.65, vest over five years and expire ten years from the date of grant.

NOTE 10 – EQUITY INCENTIVE PLAN (CONTINUED)

Information with respect to employee options outstanding during the years ended June 30, 2018 and 2017:

	2018		2017	
	Shares	**Weighted average exercise price**	Shares	Weighted average exercise price
Outstanding at beginning of year	**10,000**	**$ 3.25**	10,000	$ 3.25
Granted	**52,000**	**8.65**	-	-
Exercised	**-**	**-**	-	-
Expired/cancelled/forfeited	**-**	**-**	-	-
Outstanding at end of year	**62,000**	**$ 7.78**	10,000	$ 3.25
Exercisable at end of year	**10,000**	**$ 3.25**	10,000	$ 3.25

A summary of information about stock options outstanding is as follows at June 30, 2018:

	Weighted average exercise price	Outstanding shares	Remaining life (years)	Exercisable shares
	$ 3.25	10,000	4.7	10,000
	$ 8.65	52,000	9.5	-
		62,000		10,000
Intrinsic value on June 30, 2018		$ 215,200		$ 80,000

The aggregate intrinsic value as presented in the preceding table is calculated as the difference between the estimated fair value of the stock as of June 30, 2018, and the exercise price of the option and multiplying by the number of options outstanding.

The Company recognized **$8,200** and $0 in expense during the years ended June 30, 2018 and 2017 relating to the granting of stock options.

The estimated fair value of the 52,000 options granted during the year ended June 30, 2018 was $0.92 per share. The fair value was estimated using the Black-Scholes option pricing model using the following assumptions:

Estimated life	5.0 years
Risk free interest rate	2.27%
Implied volatility	1.60%
Dividend yield	0.00%

As of June 30, 2018, there is **$40,100** in future compensation expense associated with outstanding stock options.

NOTE 11 – REGULATORY MATTERS

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

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

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

Under the revised prompt corrective action requirements, as of January 1, 2015, insured depository institutions are required to meet the following in order to qualify as "well capitalized:" (1) a common equity Tier 1 risk-based capital ratio of 6.5%; (2) a Tier 1 risk-based capital ratio of 8%; (3) a total risk-based capital ratio of 10%; and (4) a Tier 1 leverage ratio of 5%

The implementation of a capital conservation buffer began on January 1, 2017, requiring a regulatory capital buffer of 0.625% over the regulatory minimums (increasing by that amount on each subsequent January 1, until it reaches 2.5% on January 1, 2019). Management believes that, as of June 30, 2018, the Bank met all capital adequacy requirements under the Basel III Capital Rules on a fully phased-in basis as if such requirements were currently in effect.

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

The following table presents actual and required capital ratios as of June 30, 2018 and June 30, 2017 for the Bank under the Basel III Capital Rules. The minimum required capital amounts presented include the minimum required capital levels as of June 30, 2018, and June 30, 2017 based on the phase-in provisions of the Basel III Capital Rules. Capital levels required to be considered well capitalized are based upon prompt corrective action regulations, as amended to reflect the changes under the Basel III Capital Rules.

As of June 30, 2018, the most recent notification from the OCC has categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized the

NOTE 11 – REGULATORY MATTERS (CONTINUED)

Bank must maintain ratios as set forth in the table. There have been no conditions or events since that notification that management believes have changed the Bank's category.

The Federal Deposit Insurance Corporation, through formal or informal agreement, has the authority to require an institution to maintain higher capital ratios than those provided by statute, to be categorized as well capitalized under the regulatory framework for prompt corrective action.

The following table presents the Bank's capital position based on the financial statements:

	Actual		For capital adequacy purposes		To be well capitalized under prompt corrective action provisions	
June 30, 2018	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(In thousands)			
Tier 1 Leverage ratio	**$ 20,557**	**12.23%**	**$ 6,722**	**4.00%**	**$ 8,403**	**5.00%**
Tier 1 capital (to risk-weighted assets)	**$ 20,557**	**19.60%**	**$ 8,262**	**7.88%**	**$ 8,393**	**8.00%**
Common Equity Tier 1 Capital Ratio (to risk-weighted assets)	**$ 20,557**	**19.60%**	**$ 6,688**	**6.38%**	**$ 6,819**	**6.50%**
Total Capital ratio (to risk-weighted assets)	**$ 21,874**	**20.85%**	**$ 10,360**	**9.88%**	**$ 10,491**	**10.00%**
June 30, 2017						
Tier 1 Leverage ratio	$ 20,176	11.80%	$ 6,837	4.00%	$ 8,547	5.00%
Tier 1 capital (to risk-weighted assets)	$ 20,176	19.58%	$ 7,472	7.25%	$ 8,245	8.00%
Common Equity Tier 1 Capital Ratio (to risk-weighted assets)	$ 20,176	19.58%	$ 5,926	5.75%	$ 6,699	6.50%
Total Capital ratio (to risk-weighted assets)	$ 21,475	20.84%	$ 9,533	9.25%	$ 10,306	10.00%

NOTE 11 – REGULATORY MATTERS (CONTINUED)

The following table provides a reconciliation of total stockholders' equity per the consolidated financial statements to capital amounts reflected in the table above:

June 30,	2018	2017
	(In thousands)	
Total stockholders' equity on consolidated balance sheet	**$ 21,650**	$ 21,622
Adjustments to regulatory capital		
Accumulated other comprehensive income	**208**	55
Intangible assets (core deposit intangible and goodwill)	**(143)**	(148)
Disallowed deferred tax assets, net	**(209)**	(384)
Equity of BV Financial, Inc.	**(949)**	(969)
Tangible, Tier 1, and core capital	**20,557**	20,176
Allowance for loan losses (limited)	**1,317**	1,299
Total capital	**$ 21,874**	$ 21,475

The Bank was allowed a special bad debt deduction at various percentages of otherwise taxable income for various years through December 1, 1987. If the amounts, which qualified as deductions for federal income tax purposes prior to December 31, 1987 are later used for purposes other than to absorb loan losses, including distributions in liquidations, they will be subject to federal and state income tax at the then current corporate rate. Retained earnings at June 30, 2018 and 2017 includes **$1.5 million** for which no provision for income tax has been provided. The unrecorded deferred income tax liability on the above amount was approximately **$413,000**.

Federal regulations impose limitations upon all capital distributions by a savings institution, including cash dividends, payments to repurchase its shares and payments to shareholders of another institution in a cash-out merger. Under the regulations, an application to and prior approval of the Federal Deposit Insurance Corporation is required prior to any capital distribution if the institution does not meet the criteria for "expedited treatment" of applications under Federal Deposit Insurance Corporation regulations (i.e., generally, examination and Community Reinvestment Act ratings in the two top categories), the total capital distributions for the calendar year exceed net income for that year plus the amount of retained net income for the preceding two years, the institution would be undercapitalized following the distribution or the distribution would otherwise be contrary to a statute, regulation or agreement with the Federal Deposit Insurance Corporation.

The Board of Directors of the M.H.C. determines whether the M.H.C. will waive or receive dividends declared by the Company each time the Company declares a dividend. The M.H.C. may elect to receive dividends and utilize such funds to pay general corporate expenses. The M.H.C. is required to apply to the Board of Governors of the Federal Reserve System with written notice of its intent to waive its dividends prior to the proposed declaration date of the dividend. The Board of Governors of the Federal Reserve System has issued an interim final rule providing that it will not object to dividend waivers under certain circumstances where the waiver is not detrimental to the safe and sound operation of the savings association

NOTE 11 – REGULATORY MATTERS (CONTINUED)

and a majority of the mutual holding company’s members have approved the waiver of dividends by the mutual holding company within the previous six months. If a waiver is granted, dividends waived by the M.H.C. will be excluded from the Company's capital accounts for purposes of calculating dividend payments to minority shareholders. Through June 30, 2018, the M.H.C. waived the right to receive its portion of the cash dividends paid, which totaled $1.0 million on a cumulative basis.

Banks are required to carry noninterest-bearing cash reserves at specified percentages of deposit balances. The Bank's normal amount of cash on hand and on deposit with other banks is sufficient to satisfy the reserve requirements.

NOTE 12– INCOME TAXES

The income tax provision consists of the following for the years ended June 30, 2018 and 2017:

	2018	2017
	(In thousands)	
Current expense		
Federal	**$ 16**	$ 13
State	**16**	2
	32	15
Deferred expense	**1,054**	357
Income tax expense	**$ 1,086**	$ 372

NOTE 12– INCOME TAXES (CONTINUED)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at June 30, 2018 and 2017 are presented below:

	2018	2017
	(In thousands)	
Deferred tax assets		
Deferred compensation	**$ 285**	$ 423
Allowance for loan losses	**498**	824
Credit fair value adjustment on loans acquired in merger	**126**	219
Core deposit intangible	**30**	55
Goodwill impairment	**295**	527
Foreclosed real estate write-downs and deferred gain	**11**	45
Net operating loss carryover	**222**	349
Nonaccrual interest	**96**	186
Unrealized losses on available for sale securities	**79**	35
Other	**33**	59
Total deferred tax assets	**1,675**	2,722
Deferred tax liabilities		
Prepaid expenses	**38**	71
Merger fair value adjustments	**41**	51
Depreciation	**5**	18
Total deferred tax liabilities	**84**	140
Total deferred tax assets, net	**$ 1,591**	$ 2,582

NOTE 12 – INCOME TAXES (CONTINUED)

The amount computed by applying the statutory federal income tax rate to income before income tax provision is different than the taxes provided for the following reasons:

	Year Ended June 30,			
	2018		2017	
	Amount	Percent of pretax income	Amount	Percent of pretax income
	(In thousands)			
Statutory federal income tax rate	**$ 322**	**27.4 %**	$ 348	34.0 %
State tax, net of federal income tax provision	**69**	**5.9**	50	4.9
Income from investment in life insurance	**(32)**	**(2.7)**	(27)	(2.7)
Nondeductible merger expenses	**9**	**0.8**	3	0.4
Change in tax rate	**731**	**62.1**	-	0.0
Other	**(13)**	**(1.1)**	(2)	(0.1)
Income Tax Expense	**$1,086**	**92.4 %**	$ 372	36.4 %

Management has determined that no deferred tax asset valuation was warranted for its goodwill impairment write-down or net operating loss carryover due to the expectation of future taxable income and the availability of tax planning strategies to generate future income to offset operating losses. The Company acquired a net operating loss carryover of $1.2 million from Vigilant in connection with the merger. Use of the net operating loss acquired was limited to $88,000 for the fiscal year ended June 30, 2018. The Company did not utilize any of the operating loss carryover in the fiscal year ended June 30, 2017. The Company's use of the net operating loss acquired will be limited to $88,000 per year in future periods. The Company’s net operating loss carryforwards will expire in the year ending June 30, 2033.

The Company's income tax returns are subject to review and examination by federal and state taxing authorities. They are currently open to audit under the applicable statutes of limitations by the Internal Revenue Service for the years ended June 30, 2015 through 2018.

NOTE 13 – RELATED-PARTY TRANSACTIONS

The Bank has had, and may be expected to have in the future, banking transactions in the ordinary course of business with directors, officers, their immediate families and affiliated companies (commonly referred to as related parties), on the same terms including interest rates and collateral, as those prevailing at the time for comparable transactions with others. The following table presents a summary of the activity of loans receivable from related parties during the years ended June 30, 2018 and 2017:

June 30,	**2018**	2017
	(In thousands)	
Balance, beginning	**$ 541**	$ 696
Advances	**49**	116
Less: retired directors	**-**	(3)
Repayments	**(59)**	(268)
Balance, ending	**$ 531**	$ 541

Deposits of related parties totaled **$645,600** and $751,500 as of June 30, 2018 and 2017, respectively.

One of the Company's directors was a partner in Gallagher Evelius & Jones, LLP that has performed legal services for BayVanguard Bank. BayVanguard Bank paid a total of **$31,000** and $108,000 in legal fees to Gallagher Evelius & Jones LLP during the years ended June 30, 2018 and 2017, respectively.

NOTE 14 – LEASING ARRANGEMENTS

In September 2014, the Bank entered into an eight-year, non-cancelable operating lease for a branch location in Pasadena, Maryland. The lease also contains a five-year renewal option. In addition to minimum rent payments, the lease contains provisions for additional payments to cover real estate taxes and common area maintenance.

In March 2016, the Bank entered into a non-cancelable operating lease, whose renewal term expires in July 2021, for a branch location at the Foundry on Fort Avenue in Locust Point. The lease contains an option which enables the Bank to renew the lease for an additional five-year period. In addition to minimum rentals, the lease contains escalation clauses based upon price indices and includes provisions for additional payments to cover real estate taxes and common area maintenance.

At June 30, 2018, the total minimum rental commitments under these leases are outlined below (in thousands):

Year ending June 30,	
2019	$ 131
2020	135
2021	97
2022	96
2023	16
Thereafter	-
Total	$ 475

Rent expense for the years ended June 30, 2018 and 2017 was **$150,000** and $148,000, respectively.

NOTE 15 – COMMITMENTS, CONTINGENCIES AND CONCENTRATION OF CASH ON DEPOSIT

Various legal claims arise from time to time in the normal course of business, which, in the opinion of management, will have no material effect on the Company's consolidated financial position or results of operations.

As of June 30, 2018 and 2017, the Bank had **$1.2 million** and $975,000, respectively, on deposit at the FHLB of Atlanta. These funds are not insured by the Federal Deposit Insurance Corporation. In the event of a failure of the FHLB of Atlanta, the other Federal Home Loan Banks would support the operations of the failed institution. Additionally, as of June 30, 2018 and 2017, the Bank had **$2.8 million** and $6.7 million, respectively on deposit at its correspondent bank.

NOTE 16 – FAIR VALUE MEASUREMENTS

The estimated fair values of the Bank's financial instruments are summarized below. The fair values are estimates derived primarily from present value techniques and may not be indicative of the net realizable or liquidation values. The calculation of estimated fair values is based on market conditions at a specific point in time and may not reflect current or future fair values.

Accounting standards establish a fair value hierarchy that prioritizes the inputs to valuation methods used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2: Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability.

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e. supported with little or no market activity).

An asset or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

NOTE 16 –FAIR VALUE MEASUREMENTS (CONTINUED)

Assets measured at fair value on a recurring basis by level within the fair value hierarchy used at June 30, 2018 and 2017, are as follows:

June 30, 2018	Total	Level 1 Quoted prices in active markets for identical assets	Level 2 Significant other observable inputs	Level 3 Significant other unobservable inputs
		(In thousands)		
Securities available for sale				
U.S. government agency securities	**$ 6,841**	**$ -**	**$ 6,841**	**$ -**
Mortgage-backed securities	**6,238**	**-**	**6,238**	**-**
	$13,079	**$ -**	**$ 13,079**	**$ -**
June 30, 2017				
Securities available for sale				
U.S. government agency securities	$ 6,940	$ -	$ 6,940	$ -
Mortgage-backed securities	6,037	-	6,037	-
	$ 12,977	$ -	$ 12,977	$ -

The following valuation techniques were used to measure the fair value of assets in the table above on a recurring basis as of June 30, 2018 and 2017.

Securities available for sale - The fair values of securities available for sale were based on available market pricing for the securities. We rely on third party brokers to obtain and provide us with this market pricing from a definitive security pricing source.

Assets measured at fair value on a nonrecurring basis by level within the fair value hierarchy used at June 30, 2018 and 2017, are as follows:

June 30, 2018		Level 1 Quoted prices in active markets for identical assets	Level 2 Significant other observable inputs	Level 3 Significant other unobservable inputs
		(In thousands)		
Impaired loans	**$4,029**	**$ -**	**$ -**	**$ 4,029**
Foreclosed real estate and repossessed assets	**715**	**-**	**-**	**715**
	$4,744	**$ -**	**$ -**	**$ 4,744**
June 30, 2017				
Impaired loans	$ 4,462	$ -	$ -	$ 4,462
Foreclosed real estate and repossessed assets	293	-	-	293
	$ 4,755	$ -	$ -	$ 4,755

NOTE 16 – FAIR VALUE MEASUREMENTS (CONTINUED)

The following valuation techniques were used to measure the fair value of assets in the tables above on a nonrecurring basis as of June 30, 2018 and 2017.

Impaired loans - Loans included in the table have been measured for impairment generally based on the fair value of the loan's collateral. Fair value was determined based upon a discounted cash flow from the expected proceeds of the underlying collateral. These loans are included as Level 3 fair value, based upon the lowest level of input that is significant to the fair value measurements. The fair value consists of the loan balance reduced by any specific impairment reserve.

There were no transfers in or out of the Level 3 category after the loans were classified as impaired loans.

Foreclosed real estate and repossessed assets - Fair value of foreclosed assets was based on the Company's appraisal of the property less costs to sell. This value was determined from a current industry standard appraisal guide based on the value of similar properties adjusted for factors including condition and location of property.

Changes in the balance of foreclosed real estate and repossessed assets during the years ended June 30, 2018 and 2017, were as follows (in thousands):

	2018	2017
	(In thousands)	
Beginning of year balance	**$ 293**	$ 659
Improvements and additions	**637**	169
Write-downs	**(35)**	(99)
Proceeds from sale	**(211)**	(456)
Gain (loss) on sale	**31**	20
End of year balance	**$ 715**	$ 293

NOTE 16 – FAIR VALUE MEASUREMENTS (CONTINUED)

The following methods and assumptions were used by the Company in estimating the fair values of financial instruments:

Cash and Cash Equivalents

The carrying amounts of cash and cash equivalents approximate fair value.

Time Deposits in Other Banks

The fair value of time deposits in other banks is estimated using the rates currently available for deposits of similar remaining maturities.

Investment Securities

Fair values for securities, excluding Federal Home Loan Bank stock, are based on available market prices. The carrying amount of Federal Home Loan Bank stock approximates fair value based on the redemption provisions of the Federal Home Loan Bank.

Loans Receivable

For variable-rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying amounts. Fair values for fixed-rate 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. Fair values for nonperforming loans are estimated using discounted cash flow analyses or underlying collateral values, where applicable.

Deposits

The fair values disclosed for demand deposits (e.g., interest and noninterest checking, savings, and certain types of money market accounts) are, by definition, equal to the amount payable on demand at the reporting date (i.e., their carrying amounts). Fair values for fixed-rate certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered on such certificates to a schedule of aggregated expected monthly maturities on these deposits.

Advances from the Federal Home Loan Bank of Atlanta

The fair value of advances is estimated discounting the contractual cash flows using rates currently offered for advances with similar terms and remaining maturities.

Off-Balance Sheet Credit Related Instruments

Fair values for off-balance sheet, credit-related financial instruments are based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the counterparties' credit standing. The fair values of these instruments were not significant at June 30, 2018 or 2017.

NOTE 16 – FAIR VALUE MEASUREMENTS (CONTINUED)

The following table summarizes the carrying amounts and fair values of financial instruments at June 30, 2018 and 2017:

	June 30, 2018		June 30, 2017	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	(In thousands)			
Financial assets				
Cash and cash equivalents	**$ 10,216**	**$ 10,216**	$ 9,831	$ 9,831
Time deposits in other banks	**250**	**250**	250	250
Securities held to maturity	**5,930**	**5,886**	7,873	7,963
Federal Home Loan Bank of Atlanta stock	**376**	**376**	376	376
Loans receivable	**124,608**	**121,309**	126,095	122,663
Financial liabilities				
Deposits	**$138,685**	**$129,539**	$ 142,603	$ 138,088
Advances from the Federal Home Loan Bank of Atlanta	**3,000**	**3,094**	3,057	3,240

NOTE 17 – CONDENSED FINANCIAL INFORMATION (PARENT COMPANY ONLY)

Information as to the financial position of BV Financial, Inc. and its results of operations and cash flows as of and for the years ended June 30, 2018 and 2017, are summarized below.

June 30,	**2018**	2017
	(In thousands)	
Assets		
Cash	**$ 827**	$ 755
Employee stock ownership plan loan	**94**	183
Investment in subsidiary	**20,701**	20,653
Other assets	**36**	31
Total Assets	**$21,658**	$21,622
Liabilities and Stockholders' Equity		
Other liabilities	**$ 8**	$ -
Total stockholders' equity	**21,650**	21,622
Total Liabilities & Equity	**$21,658**	$21,622

NOTE 17 – CONDENSED FINANCIAL INFORMATION (PARENT COMPANY ONLY) (CONTINUED)

Statements of Income

Years Ended June 30,	2018	2017
	(In thousands)	
Interest income	$ 9	$ 14
Noninterest expense	34	26
Loss before income tax benefit	(25)	(12)
Income tax benefit	5	-
Loss before equity in net income of subsidiary	(20)	(12)
Equity in net income of subsidiary	111	665
Net income	$ 91	$ 653

Statements of Cash Flows

Years Ended June 30,	2018	2017
	(In thousands)	
Cash flows from operating activities		
Net income	$ 91	$ 653
Adjustments to reconcile net income to net cash used by operating activities		
Equity in net income of subsidiary	(111)	(665)
Increase in other assets	(5)	(1)
Increase in other liabilities	8	-
Net cash used by operating activities	(17)	(13)
Cash flows from investing activities		
Principal collected on ESOP loan	89	85
Net cash provided by investing activities	89	85
Cash flows from financing activities		
Increase in cash and cash equivalents	72	72
Cash and cash equivalents at beginning of period	755	683
Cash and cash equivalents at end of period	$ 827	$ 755

BV Financial, Inc. & BayVanguard Bank
Board of Directors

Edmund T. Leonard
Chairman

William Streett Baldwin
Michael J. Birmingham III
David M. Flair
Joseph S. Galli
Robert R. Kern, Jr.
Veronica Koch
Brian K. McHale
Carolyn M. Mroz
Steven Lang
George Philippou

Bank Officers

David M. Flair
President and Chief Executive Officer

Christine P. Barton
Senior Vice President, Compliance

Glenda Szyl
Vice President, Savings Operations

Rose M. Searcy
Vice President, Personnel and Information Technology

Robert R. Kern, Jr.
Secretary

Michael J. Dee
Senior Vice President, Chief Financial Officer

Jeffrey S. Collier
Senior Vice President, Lending

Claudia L. Kraft
Vice President, Controller

Kelly Bowman
Vice President, Marketing