

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

**FORM 10-Q**

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

**For the quarterly period ended March 31, 2025**

OR

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

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

Commission File No. 001-41384

**HANOVER BANCORP, INC.**

(Exact Name of Registrant as Specified in Its Charter)

New York

81-3324480

(State or Other Jurisdiction of Incorporation or Organization)

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

80 East Jericho Turnpike, Mineola, NY 11501  
(Address of Principal Executive Offices) (Zip Code)

(516) 548-8500  
(Registrant's Telephone Number, Including Area Code)

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

Title of each class	Trading symbol	Name of each exchange on which registered
Common stock	HNVR	NASDAQ

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

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

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

Large accelerated filer   
Non-accelerated filer

Accelerated filer   
Smaller reporting company   
Emerging growth company

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, \$0.01 par value  
(Title of Class)

7,228,731 Shares  
(Outstanding as of April 30, 2025)

**HANOVER BANCORP, INC.**  
Form 10-Q

**Table of Contents**

	<u>Page</u>
<b><u>PART I</u></b>	
Item 1. <a href="#">Financial Statements</a>	3
<a href="#">Consolidated Statements of Financial Condition as of March 31, 2025 (unaudited) and December 31, 2024</a>	3
<a href="#">Consolidated Statements of Income (unaudited) for the Three Months Ended March 31, 2025 and 2024</a>	4
<a href="#">Consolidated Statements of Comprehensive Income (unaudited) for the Three Months Ended March 31, 2025 and 2024</a>	5
<a href="#">Consolidated Statements of Changes in Stockholders' Equity (unaudited) for the Three Months Ended March 31, 2025 and 2024</a>	6
<a href="#">Consolidated Statements of Cash Flows (unaudited) for the Three Months Ended March 31, 2025 and 2024</a>	7
<a href="#">Notes to Unaudited Consolidated Financial Statements</a>	8
Item 2. <a href="#">Management's Discussion and Analysis of Financial Condition and Results of Operations</a>	32
Item 3. <a href="#">Quantitative and Qualitative Disclosures About Market Risk</a>	45
Item 4. <a href="#">Controls and Procedures</a>	46
<b><u>PART II</u></b>	
Item 1. <a href="#">Legal Proceedings</a>	46
Item 1A. <a href="#">Risk Factors</a>	46
Item 2. <a href="#">Unregistered Sales of Equity Securities, Use of Proceeds and Issuer Purchases of Equity Securities</a>	46
Item 3. <a href="#">Defaults Upon Senior Securities</a>	46
Item 4. <a href="#">Mine Safety Disclosures</a>	46
Item 5. <a href="#">Other Information</a>	46
Item 6. <a href="#">Exhibits</a>	47
<a href="#">Signatures</a>	48

**PART I**  
**ITEM 1. – FINANCIAL STATEMENTS**  
**HANOVER BANCORP, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**  
(Dollars in thousands, except share and per share amounts)

	<u>March 31, 2025</u> (unaudited)	<u>December 31, 2024</u>
<b>ASSETS</b>		
Cash and non-interest-bearing deposits due from banks	\$ 11,805	\$ 12,768
Interest-bearing deposits due from banks	148,429	150,089
Total cash and cash equivalents	160,234	162,857
Securities held to maturity, fair value of \$3,556 at March 31, 2025 and \$3,609 at December 31, 2024 (net of allowance for credit losses of \$0 at March 31, 2025 and December 31, 2024)	3,671	3,758
Securities available for sale, at fair value (net of allowance for credit losses of \$0 at March 31, 2025 and December 31, 2024)	93,197	83,755
Loans held for sale	16,306	12,404
Loans	1,960,674	1,985,524
Allowance for credit losses	(22,925)	(22,779)
Loans, net	1,937,749	1,962,745
Premises and equipment, net	14,511	15,337
Operating lease assets	8,484	8,337
Accrued interest receivable	12,026	11,849
Prepaid post retirement plan	3,344	3,377
Stock in Federal Home Loan Bank ("FHLB"), at cost	7,897	7,885
Goodwill	19,168	19,168
Other intangible assets	236	250
Loan servicing rights	6,207	6,016
Deferred income taxes	1,572	1,569
Other assets	6,925	12,803
<b>TOTAL ASSETS</b>	<b>\$ 2,291,527</b>	<b>\$ 2,312,110</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Deposits:		
Non-interest-bearing demand	\$ 215,569	\$ 211,656
Savings, NOW and money market	1,202,640	1,244,857
Time	518,229	497,770
Total deposits	1,936,438	1,954,283
Borrowings	107,805	107,805
Subordinated debentures (\$25,000 face amount less unamortized debt issuance costs of \$298 and \$311 at March 31, 2025 and December 31, 2024, respectively)	24,702	24,689
Operating lease liabilities	9,144	9,025
Accrued interest payable	1,865	1,532
Other liabilities	14,930	18,138
<b>TOTAL LIABILITIES</b>	<b>2,094,884</b>	<b>2,115,472</b>
<b>COMMITMENTS AND CONTINGENT LIABILITIES</b>		
—		
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock, Series A (par value \$0.01; 15,000,000 shares authorized; issued and outstanding 275,000 at March 31, 2025 and December 31, 2024, respectively)	5,041	5,041
Common stock (par value \$0.01; 17,000,000 shares authorized; issued and outstanding 7,228,731 and 7,152,127 at March 31, 2025 and December 31, 2024, respectively)	72	72
Surplus	124,242	124,937
Retained earnings	68,684	67,922
Accumulated other comprehensive loss, net of tax	(1,396)	(1,334)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>196,643</b>	<b>196,638</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 2,291,527</b>	<b>\$ 2,312,110</b>

See accompanying notes to unaudited consolidated financial statements.

**HANOVER BANCORP, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**

(Dollars in thousands, except per share amounts)

	<b>Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>INTEREST INCOME</b>		
Loans	\$ 29,984	\$ 29,737
Taxable securities	1,186	1,457
Other interest income	1,667	1,238
Total interest income	<u>32,837</u>	<u>32,432</u>
<b>INTEREST EXPENSE</b>		
Savings, NOW and money market deposits	11,455	12,933
Time deposits	5,320	4,962
Borrowings	1,433	1,602
Total interest expense	<u>18,208</u>	<u>19,497</u>
Net interest income	14,629	12,935
Provision for credit losses	600	300
Net interest income after provision for credit losses	<u>14,029</u>	<u>12,635</u>
<b>NON-INTEREST INCOME</b>		
Loan servicing and fee income	1,081	913
Service charges on deposit accounts	117	96
Gain on sale of loans held-for-sale	2,352	2,506
Other income	182	61
Total non-interest income	<u>3,732</u>	<u>3,576</u>
<b>NON-INTEREST EXPENSE</b>		
Salaries and employee benefits	7,232	5,562
Conversion expenses	3,180	—
Occupancy and equipment	1,836	1,770
Data processing	593	518
Professional fees	787	818
Federal deposit insurance premiums	337	318
Other expenses	2,031	1,818
Total non-interest expense	<u>15,996</u>	<u>10,804</u>
Income before income tax expense	1,765	5,407
Income tax expense	244	1,346
<b>NET INCOME</b>	<u>\$ 1,521</u>	<u>\$ 4,061</u>
Earnings per share:		
<b>BASIC</b>	<u>\$ 0.20</u>	<u>\$ 0.55</u>
<b>DILUTED</b>	<u>\$ 0.20</u>	<u>\$ 0.55</u>

*See accompanying notes to unaudited consolidated financial statements.*

**HANOVER BANCORP, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)**  
(Dollars in thousands)

	<b>Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Net income	\$ 1,521	\$ 4,061
Other comprehensive income (loss), net of tax:		
Unrealized gains (losses) on investment securities available for sale:		
Change in unrealized gain on securities available for sale arising during the period, net of tax of \$49 and \$76, respectively	176	271
Unrealized (losses) gains on cash flow hedges:		
Change in unrealized (loss) gain on cash flow hedges arising during the period, net of tax of (\$68) and \$245, respectively	(238)	886
Total other comprehensive (loss) income, net of tax	(62)	1,157
Total comprehensive income, net of tax	<u>\$ 1,459</u>	<u>\$ 5,218</u>

*See accompanying notes to unaudited consolidated financial statements.*

**HANOVER BANCORP, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)**  
(Dollars in thousands, except share and per share data)

	For the Three Months Ended March 31, 2025						
	Common Stock (Shares)	Preferred Stock	Common Stock	Surplus	Retained Earnings	Accumulated Other Comprehensive Loss, Net of Tax	Total Stockholders' Equity
Balance at January 1, 2025	7,152,127	\$ 5,041	\$ 72	\$ 124,937	\$ 67,922	\$ (1,334)	\$ 196,638
Net income	—	—	—	—	1,521	—	1,521
Other comprehensive income, net of tax	—	—	—	—	—	(62)	(62)
Cash dividends declared (\$0.10 per share)	—	—	—	—	(759)	—	(759)
Stock-based compensation	—	—	—	494	—	—	494
Stock awards granted	49,750	—	—	—	—	—	—
Shares issued for performance stock units	27,848	—	—	—	—	—	—
Shares received related to tax withholding	(15,326)	—	—	(721)	—	—	(721)
Exercise of stock options, net	14,332	—	—	(468)	—	—	(468)
Balance at March 31, 2025	<u>7,228,731</u>	<u>\$ 5,041</u>	<u>\$ 72</u>	<u>\$ 124,242</u>	<u>\$ 68,684</u>	<u>\$ (1,396)</u>	<u>\$ 196,643</u>

	For the Three Months Ended March 31, 2024						
	Common Stock (Shares)	Preferred Stock	Common Stock	Surplus	Retained Earnings	Accumulated Other Comprehensive Loss, Net of Tax	Total Stockholders' Equity
Balance at January 1, 2024	7,195,012	\$ 2,963	\$ 72	\$ 125,694	\$ 58,551	\$ (2,450)	\$ 184,830
Net income	—	—	—	—	4,061	—	4,061
Other comprehensive income, net of tax	—	—	—	—	—	1,157	1,157
Cash dividends declared (\$0.10 per share)	—	—	—	—	(741)	—	(741)
Stock-based compensation	—	—	—	381	—	—	381
Stock awards granted, net of forfeitures	52,491	—	—	—	—	—	—
Shares received related to tax withholding	(8,292)	—	—	(145)	—	—	(145)
Exercise of stock options, net	3,201	—	—	—	—	—	—
Balance at March 31, 2024	<u>7,242,412</u>	<u>\$ 2,963</u>	<u>\$ 72</u>	<u>\$ 125,930</u>	<u>\$ 61,871</u>	<u>\$ (1,293)</u>	<u>\$ 189,543</u>

*See accompanying notes to unaudited consolidated financial statements.*

**HANOVER BANCORP, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**  
(Dollars in thousands)

	<b>Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 1,521	\$ 4,061
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Provision for credit losses	600	300
Depreciation and amortization	494	546
Amortization of right-of-use assets	442	418
Stock-based compensation	494	381
Net gain on sale of loans held-for-sale	(2,352)	(2,506)
Net amortization (accretion) of premiums, discounts and loan fees and costs	430	285
Amortization of intangible assets	14	16
Amortization of debt issuance costs	13	13
Loan servicing rights valuation adjustments	299	138
Increase in accrued interest receivable	(177)	(464)
Decrease in other assets	5,690	356
Increase in accrued interest payable	333	307
(Decrease) increase in other liabilities	(3,218)	164
Payments on operating leases	(470)	(420)
<b>Net cash provided by operating activities</b>	<b>4,113</b>	<b>3,595</b>
<b>Cash flows from investing activities:</b>		
Purchases of securities available-for-sale	(83,117)	(211,000)
Purchases of restricted securities, net	(12)	(5)
Principal repayments of securities held to maturity	86	67
Maturities, prepayments and calls of securities available-for-sale	74,034	180,011
Proceeds from sales of loans	45,099	30,504
Net increase in loans	(22,817)	(75,446)
Purchases of premises and equipment	(228)	(308)
<b>Net cash provide by (used in) investing activities</b>	<b>13,045</b>	<b>(76,177)</b>
<b>Cash flows from financing activities:</b>		
Net (decrease) increase in deposits	(17,843)	12,738
Repayments of term FHLB advances	—	(5,000)
Proceeds (repayments) of other short-term borrowings, net	—	25,000
Payments related to tax withholding for equity awards	(721)	(145)
Cash dividends paid	(749)	(737)
Proceeds from exercise of stock options, net	(468)	—
<b>Net cash (used in) provided by financing activities</b>	<b>(19,781)</b>	<b>31,856</b>
<b>Decrease in cash and cash equivalents</b>	<b>(2,623)</b>	<b>(40,726)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>162,857</b>	<b>177,207</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 160,234</b>	<b>\$ 136,481</b>
<b>Supplemental cash flow information:</b>		
Interest paid	\$ 17,875	\$ 19,190
Income taxes paid	181	810
<b>Supplemental non-cash disclosure:</b>		
Transfers from portfolio loans to loans held-for-sale	\$ 46,649	\$ 26,735
Lease liabilities arising from obtaining right-of-use assets	589	—

See accompanying notes to unaudited consolidated financial statements.

## NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

Hanover Bancorp, Inc. (the “Company”), is currently a New York corporation which is the holding company for Hanover Community Bank (the “Bank”). The Bank, headquartered in Mineola, New York, is a New York State chartered bank. The Bank commenced operations on November 4, 2008 and is a full-service bank providing personal and business lending and deposit services. As a New York State chartered, non-Federal Reserve member bank, the Bank is subject to regulation by the New York State Department of Financial Services (“DFS”) and the Federal Deposit Insurance Corporation (“FDIC”). The Company is subject to regulation and examination by the Board of Governors of the Federal Reserve System (the “FRB”). At the Company’s annual shareholder meeting held on March 5, 2024, the shareholders approved a change in its state of incorporation from the State of New York to the State of Maryland subject to regulatory approval, which has been received. The Company is in the process of completing its reincorporation in Maryland.

#### **Basis of Presentation**

In the opinion of the Company’s management, the preceding unaudited interim consolidated financial statements contain all adjustments, consisting of normal accruals, necessary for a fair presentation of the Company’s consolidated statement of financial condition as of March 31, 2025, its consolidated statements of income for the three months ended March 31, 2025 and 2024, its consolidated statements of comprehensive income for the three months ended March 31, 2025 and 2024, its consolidated statements of changes in stockholders’ equity for the three months ended March 31, 2025 and 2024 and its consolidated statements of cash flows for the three months ended March 31, 2025 and 2024.

In addition, the preceding unaudited interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X, as well as in accordance with predominant practices within the banking industry. They do not include all the information and footnotes required by U.S. GAAP for complete financial statements. The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates. The results of operations for the three months ended March 31, 2025 are not necessarily indicative of results for any other interim period or of the results for the full fiscal year 2025. The unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2024. There have been no material changes to the Company’s significant accounting policies since December 31, 2024.

All material intercompany accounts and transactions have been eliminated in consolidation. Unless the context otherwise requires, references herein to the Company include the Company and the Bank on a consolidated basis.

The Company completed its core data processing system conversion to FIS Horizon in February 2025. In connection with the conversion, the Company incurred non-recurring expenses of approximately \$3.2 million, which was comprised of \$2.2 million in consulting and audit fees, \$0.7 million in deconversion fees to previous provider, and \$0.3 million in training and other related charges during the quarter ended March 31, 2025.

## 2. EARNINGS PER SHARE

The two-class method is used in the calculation of basic and diluted earnings per share (“EPS”). Under the two-class method, earnings available to common shareholders for the period are allocated between common shareholders and participating securities according to dividends declared and participation rights in undistributed earnings. The restricted stock awards granted by the Company contain non-forfeitable rights to dividends and therefore are considered participating securities.

The Company’s basic and diluted EPS calculations for the three months ended March 31, 2025 and 2024 are as follows. There were no stock options that were antidilutive for the three months ended March 31, 2025 and 2024.

<i>(in thousands, except share and per share data)</i>	<b>Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Net income available to common stockholders	\$ 1,521	\$ 4,061
Less: Dividends paid and earnings allocated to participating securities	(45)	(137)
Income attributable to common stock	\$ 1,476	\$ 3,924
Weighted average common shares outstanding, including participating securities	7,463,537	7,376,227
Less: Weighted average participating securities	(239,929)	(257,767)
Weighted average common shares outstanding	7,223,608	7,118,460
Basic EPS	\$ 0.20	\$ 0.55
Income attributable to common stock	\$ 1,476	\$ 3,924
Weighted average common shares outstanding	7,223,608	7,118,460
Weighted average common equivalent shares outstanding	5,952	44,699
Weighted average common and equivalent shares outstanding	7,229,560	7,163,159
Diluted EPS	\$ 0.20	\$ 0.55

### 3. SECURITIES

The following tables summarize the amortized cost, fair value and allowance for credit losses of securities available for sale and securities held to maturity at March 31, 2025 and December 31, 2024 and the corresponding amounts of gross unrealized gains and losses recognized in accumulated other comprehensive loss and gross unrecognized gains and losses:

<i>(in thousands)</i>	March 31, 2025				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
<b>Available for sale:</b>					
U.S. GSE residential mortgage-backed securities	\$ 10,965	\$ 13	\$ (205)	\$ —	\$ 10,773
U.S. GSE residential collateralized mortgage obligations	14,798	42	—	—	14,840
U.S. GSE commercial mortgage-backed securities	1,519	11	—	—	1,530
Collateralized loan obligations	43,260	37	(9)	—	43,288
Corporate bonds	23,759	150	(1,143)	—	22,766
<b>Total available for sale securities</b>	<b>\$ 94,301</b>	<b>\$ 253</b>	<b>\$ (1,357)</b>	<b>\$ —</b>	<b>\$ 93,197</b>

	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Allowance for Credit Losses	Fair Value
	<b>Held to maturity:</b>				
U.S. GSE residential mortgage-backed securities	\$ 1,189	\$ —	\$ (63)	\$ 1,126	\$ —
U.S. GSE commercial mortgage-backed securities	2,482	—	(52)	2,430	—
<b>Total held to maturity securities</b>	<b>\$ 3,671</b>	<b>\$ —</b>	<b>\$ (115)</b>	<b>\$ 3,556</b>	<b>\$ —</b>

<i>(in thousands)</i>	December 31, 2024				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
<b>Available for sale:</b>					
U.S. Treasury securities	\$ 19,995	\$ 5	\$ —	\$ —	\$ 20,000
U.S. GSE residential mortgage-backed securities	11,016	—	(371)	—	10,645
U.S. GSE commercial mortgage-backed securities	1,520	—	(17)	—	1,503
Collateralized loan obligations	32,271	206	—	—	32,477
Corporate bonds	20,282	65	(1,217)	—	19,130
<b>Total available for sale securities</b>	<b>\$ 85,084</b>	<b>\$ 276</b>	<b>\$ (1,605)</b>	<b>\$ —</b>	<b>\$ 83,755</b>

	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Allowance for Credit Losses	Fair Value
	<b>Held to maturity:</b>				
U.S. GSE residential mortgage-backed securities	\$ 1,259	\$ —	\$ (81)	\$ 1,178	\$ —
U.S. GSE commercial mortgage-backed securities	2,499	—	(68)	2,431	—
<b>Total held to maturity securities</b>	<b>\$ 3,758</b>	<b>\$ —</b>	<b>\$ (149)</b>	<b>\$ 3,609</b>	<b>\$ —</b>

[Table of Contents](#)

The amortized cost and fair value of investment securities at March 31, 2025, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities if borrowers have the right to call or prepay obligations with or without call or prepayment penalties. Securities not due at a single date are shown separately.

<i>(in thousands)</i>	March 31, 2025	
	Amortized Cost	Fair Value
<b>Securities available for sale:</b>		
Due after one year through five years	\$ 1,000	\$ 1,030
Five to ten years	45,306	44,301
Beyond ten years	20,713	20,723
U.S. GSE residential mortgage-backed securities	10,965	10,773
U.S. GSE residential collateralized mortgage obligations	14,798	14,840
U.S. GSE commercial mortgage-backed securities	1,519	1,530
<b>Total securities available for sale</b>	<b>94,301</b>	<b>93,197</b>
<b>Securities held to maturity:</b>		
U.S. GSE residential mortgage-backed securities	1,189	1,126
U.S. GSE commercial mortgage-backed securities	2,482	2,430
<b>Total securities held to maturity</b>	<b>3,671</b>	<b>3,556</b>
<b>Total investment securities</b>	<b>\$ 97,972</b>	<b>\$ 96,753</b>

At March 31, 2025 and December 31, 2024, investment securities with a carrying amount of \$25.3 million and \$28.9 million, respectively, were pledged to secure public deposits and for other purposes required or permitted by law.

There were no sales of securities during the three months ended March 31, 2025 and 2024.

There were no holdings of securities of any one issuer in an amount greater than 10% of stockholders' equity other than U.S. government and its agencies at March 31, 2025 and December 31, 2024.

The following tables summarize securities available-for-sale in an unrealized loss position for which an allowance for credit losses has not been recorded at March 31, 2025 and December 31, 2024, aggregated by major security type and length of time in a continuous unrealized loss position:

<i>(in thousands, except number of securities)</i>	March 31, 2025						
	Less than Twelve Months		Twelve Months or Longer		Total		
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Number of Securities	Fair Value	Gross Unrealized Losses
<b>Available-for-sale:</b>							
U.S. GSE residential mortgage-backed securities	\$ 5,658	\$ (79)	\$ 1,128	\$ (126)	8	\$ 6,786	\$ (205)
Collateralized loan obligations	19,587	(9)	—	—	4	19,587	(9)
Corporate bonds	1,960	(11)	10,368	(1,132)	7	12,328	(1,143)
<b>Total available-for-sale</b>	<b>\$ 27,205</b>	<b>\$ (99)</b>	<b>\$ 11,496</b>	<b>\$ (1,258)</b>	<b>19</b>	<b>\$ 38,701</b>	<b>\$ (1,357)</b>

	December 31, 2024						
	Less than Twelve Months		Twelve Months or Longer		Number of Securities	Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses		Fair Value	Gross Unrealized Losses
<i>(in thousands, except number of securities)</i>							
<b>Available-for-sale:</b>							
U.S. GSE residential mortgage-backed securities	\$ 9,523	\$ (227)	\$ 1,122	\$ (144)	12	\$ 10,645	\$ (371)
U.S. GSE commercial mortgage-backed securities	1,503	(17)	—	—	1	1,503	(17)
Corporate bonds	2,823	(56)	10,338	(1,161)	9	13,161	(1,217)
<b>Total available-for-sale</b>	<b>\$ 13,849</b>	<b>\$ (300)</b>	<b>\$ 11,460</b>	<b>\$ (1,305)</b>	<b>22</b>	<b>\$ 25,309</b>	<b>\$ (1,605)</b>

*Assessment of Available for Sale Debt Securities for Credit Risk*

Management assesses the decline in fair value of investment securities periodically. Unrealized losses on debt securities may occur from current market conditions, increases in interest rates since the time of purchase, a structural change in an investment, volatility of earnings of a specific issuer, or deterioration in credit quality of the issuer. Management evaluates both qualitative and quantitative factors to assess whether an impairment exists. The following is a discussion of the credit quality characteristics of portfolio segments carrying unrealized losses at March 31, 2025 and December 31, 2024.

Obligations of U.S. Government agencies and sponsored entities

The mortgage-backed securities held by the Company were issued by U.S. government-sponsored entities and agencies. The decline in fair value is attributable to changes in interest rates and illiquidity, and not credit quality. The Company does not have the intent to sell these mortgage-backed securities and it is likely that it will not be required to sell the securities before their anticipated recovery. The Company considers these securities to carry zero loss estimates and no allowance for credit losses was recorded at March 31, 2025 and December 31, 2024.

Corporate bonds

The Company's corporate bond portfolio is comprised of subordinated debt issues of community and regional banks. Management considers the credit quality of each individual investment. Management reviewed the collectibility of these investments, taking into account such factors as the financial condition of the issuers, reported regulatory capital ratios, and credit ratings, when available, and other factors. All corporate bond debt securities continue to accrue interest and make payments as expected with no defaults or deferrals on the part of the issuers. The Company considers the potential credit risk of the issuers to be immaterial and has not allocated an allowance for credit losses on its corporate bond portfolio as of March 31, 2025 and December 31, 2024.

Collateralized loan obligations ("CLO")

The Company's CLO portfolio is comprised of an actively managed portfolio of senior secured Class A Notes. Management considers the credit quality of each individual investment. Management reviewed the collectibility of these investments, taking into account such factors as the financial condition of the issuers and credit ratings, when available and other factors. All CLO securities continue to accrue interest and make payments as expected with no defaults or deferrals on the part of the issuers. The Company considers the potential credit risk of the issuers to be immaterial and has not allocated an allowance for credit losses on its CLO portfolio as of March 31, 2025.

#### 4. LOANS

The following table sets forth the classification of the Company's loans by loan portfolio segment for the periods presented.

<i>(in thousands)</i>	March 31, 2025	December 31, 2024
Residential real estate	\$ 733,563	\$ 729,254
Multi-family	535,429	550,570
Commercial real estate	512,823	522,805
Commercial and industrial	170,442	168,909
Construction and land development	7,985	13,483
Consumer	432	503
<b>Total loans</b>	<b>1,960,674</b>	<b>1,985,524</b>
Allowance for credit losses	(22,925)	(22,779)
<b>Total loans, net</b>	<b>\$ 1,937,749</b>	<b>\$ 1,962,745</b>

At March 31, 2025 and December 31, 2024, the Company was servicing approximately \$358.8 million and \$338.8 million, respectively, of loans for others. The Company had \$5.6 million and \$11.0 million of SBA loans held for sale at March 31, 2025 and December 31, 2024, respectively. The Company had \$5.7 million and \$1.4 million of residential real estate loans held for sale at March 31, 2025 and December 31, 2024, respectively. The Company had a contracted sale of non-performing loans totaling \$5.0 million, net of a \$0.3 million charge-off, designated as held for sale at March 31, 2025.

For the three months ended March 31, 2025 and 2024, the Company sold loans totaling approximately \$46.6 million and \$26.7 million, respectively, recognizing net gains of \$2.4 million and \$2.5 million, respectively.

The following tables summarize the activity in the allowance for credit losses by portfolio segment for the three months ended March 31, 2025 and 2024:

<i>(in thousands)</i>	Three Months Ended March 31, 2025						Total
	Residential Real Estate Loans	Multi- Family Loans	Commercial Real Estate Loans	Commercial and Industrial Loans	Construction and Land Development Loans	Consumer Loans	
Allowance for credit losses:							
Beginning balance	\$ 6,236	\$ 5,284	\$ 5,605	\$ 5,447	\$ 180	\$ 27	\$ 22,779
Charge-offs	—	(33)	(305)	(133)	—	—	(471)
Recoveries	—	—	—	17	—	—	17
Provision for credit losses	315	(252)	79	529	(67)	(4)	600
Ending balance	<u>\$ 6,551</u>	<u>\$ 4,999</u>	<u>\$ 5,379</u>	<u>\$ 5,860</u>	<u>\$ 113</u>	<u>\$ 23</u>	<u>\$ 22,925</u>

<i>(in thousands)</i>	Three Months Ended March 31, 2024						Total
	Residential Real Estate Loans	Multi- Family Loans	Commercial Real Estate Loans	Commercial and Industrial Loans	Construction and Land Development Loans	Consumer Loans	
Allowance for credit losses:							
Beginning balance	\$ 5,001	\$ 4,671	\$ 8,390	\$ 1,419	\$ 122	\$ 55	\$ 19,658
Charge-offs	—	—	(30)	(60)	—	—	(90)
Recoveries	—	—	—	5	—	—	5
Provision for credit losses	276	(454)	219	279	(25)	5	300
Ending balance	<u>\$ 5,277</u>	<u>\$ 4,217</u>	<u>\$ 8,579</u>	<u>\$ 1,643</u>	<u>\$ 97</u>	<u>\$ 60</u>	<u>\$ 19,873</u>

Allowance for Credit Losses on Unfunded Commitments

The Company has recorded an ACL for unfunded credit commitments, which is recorded in other liabilities. The provision for credit losses on unfunded commitments is recorded within other expenses on the Company's income statement for the three months ended March 31, 2024. The following table presents the allowance for credit losses for unfunded commitments for the three months ended March 31, 2025 and 2024:

(in thousands)	<u>Three Months Ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
Balance at beginning of period	\$ 314	\$ 124
Provision for credit losses	—	140
Balance at end of period	<u>\$ 314</u>	<u>\$ 264</u>

The following table presents the amortized cost basis of loans on nonaccrual status and loans past due over 89 days still accruing as of March 31, 2025 and December 31, 2024:

(in thousands)	<u>March 31, 2025</u>		
	<u>Nonaccrual With No Allowance for Credit Loss</u>	<u>Nonaccrual</u>	<u>Loans Past Due Over 89 Days Still Accruing</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Residential real estate	\$ 3,202	\$ 3,202	\$ —
Multi-family	—	—	—
Commercial real estate	3,396	3,420	—
Commercial and industrial	1,366	5,075	—
Construction and land development	—	—	—
Consumer	—	—	—
Total	<u>\$ 7,964</u>	<u>\$ 11,697</u>	<u>\$ —</u>

(in thousands)	<u>December 31, 2024</u>		
	<u>Nonaccrual With No Allowance for Credit Loss</u>	<u>Nonaccrual</u>	<u>Loans Past Due Over 89 Days Still Accruing</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Residential real estate	\$ 5,497	\$ 5,497	\$ —
Multi-family	864	864	—
Commercial real estate	5,300	5,325	—
Commercial and industrial	1,567	4,682	—
Construction and land development	—	—	—
Consumer	—	—	—
Total	<u>\$ 13,228</u>	<u>\$ 16,368</u>	<u>\$ —</u>

The Company recognized \$27 thousand and \$228 thousand of interest income on nonaccrual loans during the three months ended March 31, 2025 and 2024, respectively.

*Individually Analyzed Loans*

The Company analyzes loans on an individual basis when management determined that the loan no longer exhibited risk characteristics consistent with the risk characteristics existing in its designed pool of loans, under the Company’s CECL methodology. Loans individually analyzed include certain nonaccrual loans.

As of March 31, 2025, the amortized cost basis of individually analyzed loans amounted to \$11.2 million, of which \$10.4 million were considered collateral dependent. For collateral dependent loans where foreclosure is probable or the borrower is experiencing financial difficulty and repayment is likely to be substantially provided through the sale or operation of the collateral, the ACL is measured based on the difference between the fair value of the collateral adjusted for sales costs and the amortized cost basis of the loan, at measurement date. Certain assets held as collateral may be exposed to future deterioration in fair value, particularly due to changes in real estate markets or usage.

The following tables present the amortized cost basis and related allowance for credit loss of individually analyzed loans considered to be collateral dependent as of March 31, 2025 and December 31, 2024.

<i>(in thousands)</i>	<b>March 31, 2025</b>	
	<b><u>Amortized Cost Basis</u></b>	<b><u>Related Allowance</u></b>
Residential real estate <sup>(1)</sup>	\$ 3,033	\$ —
Commercial real estate <sup>(2)</sup>	3,264	—
Commercial and industrial <sup>(1) (2) (3)</sup>	4,136	2,779
<b>Total</b>	<b><u>\$ 10,433</u></b>	<b><u>\$ 2,779</u></b>

- (1) Secured by residential real estate
- (2) Secured by commercial real estate
- (3) Secured by business assets

<i>(in thousands)</i>	<b>December 31, 2024</b>	
	<b><u>Amortized Cost Basis</u></b>	<b><u>Related Allowance</u></b>
Residential real estate <sup>(1)</sup>	\$ 5,783	\$ —
Multi-family <sup>(2)</sup>	864	—
Commercial real estate <sup>(2)</sup>	5,235	—
Commercial and industrial <sup>(1) (2) (3)</sup>	3,753	2,500
<b>Total</b>	<b><u>\$ 15,635</u></b>	<b><u>\$ 2,500</u></b>

- (1) Secured by residential real estate
- (2) Secured by commercial real estate
- (3) Secured by business assets

The following tables present the aging of the amortized cost basis in past due loans as of March 31, 2025 and December 31, 2024 by class of loans:

*(in thousands)*

	30 - 59 Days Past Due	60 - 89 Days Past Due	Greater than 89 Days Past Due	Total Past Due	Loans Not Past Due	Total
<b>March 31, 2025</b>						
Residential real estate	\$ 9,481	\$ 1,808	\$ 2,326	\$ 13,615	\$ 719,948	\$ 733,563
Multi-family	—	—	—	—	535,429	535,429
Commercial real estate	9,073	—	3,420	12,493	500,330	512,823
Commercial and industrial	4,798	4,810	4,587	14,195	156,247	170,442
Construction and land development	—	—	—	—	7,985	7,985
Consumer	—	—	—	—	432	432
<b>Total</b>	<b>\$ 23,352</b>	<b>\$ 6,618</b>	<b>\$ 10,333</b>	<b>\$ 40,303</b>	<b>\$ 1,920,371</b>	<b>\$ 1,960,674</b>

*(in thousands)*

	30 - 59 Days Past Due	60 - 89 Days Past Due	Greater than 89 Days Past Due	Total Past Due	Loans Not Past Due	Total
<b>December 31, 2024</b>						
Residential real estate	\$ 5,215	\$ 3,362	\$ 4,229	\$ 12,806	\$ 716,448	\$ 729,254
Multi-family	1,442	—	—	1,442	549,128	550,570
Commercial real estate	1,347	—	5,325	6,672	516,133	522,805
Commercial and industrial	2,533	661	4,305	7,499	161,410	168,909
Construction and land development	—	—	—	—	13,483	13,483
Consumer	—	—	—	—	503	503
<b>Total</b>	<b>\$ 10,537</b>	<b>\$ 4,023</b>	<b>\$ 13,859</b>	<b>\$ 28,419</b>	<b>\$ 1,957,105</b>	<b>\$ 1,985,524</b>

The Company may occasionally make modifications to loans where the borrower is considered to be in financial distress. Types of modifications include principal reductions, significant payment delays, term extensions, interest rate reductions or a combination thereof. The amount of principal reduction is charged-off against the allowance for credit losses. The Company did not have any loans that were both experiencing difficulties and modified during the three months ended March 31, 2025 and 2024.

The Company had no commitment to lend additional funds to borrowers for which modifications described above were made during the three months ended March 31, 2025 and the year ended December 31, 2024.

The Company monitors the performance of loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. No such loans that have been modified in the last 12 months were past due.

Upon the Company's determination that a modified loan (or a portion of a loan) has subsequently been deemed uncollectible, the loan (or a portion of the loan) is written off. Therefore, the amortized cost basis of the loan is reduced by the uncollectible amount and the allowance for credit losses is adjusted by the same amount. During the three months ended March 31, 2025, no loans that were modified in the last 12 months to borrowers experiencing financial difficulty had a payment default.

**Credit Quality Indicators:**

The Company has adopted a credit risk rating system as part of the risk assessment of its loan portfolio. The Company's lending officers are required to assign a credit risk rating to each loan in their portfolio at origination. When the lender learns of important financial developments, the risk rating is reviewed and adjusted if necessary. In addition, the Company engages a third-party independent loan reviewer that performs quarterly reviews of a sample of loans, validating the credit risk ratings assigned to such loans. The credit risk ratings play an important role in the establishment of the loan loss provision and to confirm the adequacy of the allowance for credit losses.

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

Special Mention: The loan has potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of repayment prospects for the asset or in the Company's credit position at some future date.

Substandard: The loan is inadequately protected by current sound worth and paying capacity of the obligor or collateral pledged, if any. Loans classified as Substandard must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected.

Doubtful: The loan has all the weaknesses inherent in one classified substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing factors, conditions, and values, highly questionable and improbable.

Loans not having a credit risk rating of Special Mention, Substandard or Doubtful are considered pass loans.

The following table summarizes the Company’s loans by year of origination and internally assigned credit risk at March 31, 2025 and gross charge-offs for the three months ended March 31, 2025:

<i>(in thousands)</i>	Term Loans Amortized Cost by Origination Year						Revolving Loans to		Total
	2025	2024	2023	2022	2021	Prior	Loans	Term Loans	
<b>Residential real estate <sup>(1)</sup></b>									
Pass	\$ 63,050	\$ 199,516	\$ 193,521	\$ 67,578	\$ 33,183	\$ 139,745	\$ —	\$ 26,330	\$ 722,923
Special Mention	—	1,280	221	2,395	2,099	765	—	—	6,760
Substandard	—	—	507	1	—	2,700	—	—	3,208
<b>Total Residential real estate</b>	<b>63,050</b>	<b>200,796</b>	<b>194,249</b>	<b>69,974</b>	<b>35,282</b>	<b>143,210</b>	<b>—</b>	<b>26,330</b>	<b>732,891</b>
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
<b>Multi-family</b>									
Pass	2,094	1,342	251,948	167,750	57,124	54,725	—	—	534,983
Special Mention	—	—	—	—	—	446	—	—	446
Substandard	—	—	—	—	—	—	—	—	—
<b>Total Multi-family</b>	<b>2,094</b>	<b>1,342</b>	<b>251,948</b>	<b>167,750</b>	<b>57,124</b>	<b>55,171</b>	<b>—</b>	<b>—</b>	<b>535,429</b>
Current period gross charge-offs	—	—	—	—	—	33	—	—	33
<b>Commercial real estate</b>									
Pass	46,751	64,906	142,306	107,725	29,275	105,972	—	—	496,935
Special Mention	—	—	1,707	7,493	399	1,294	—	—	10,893
Substandard	—	913	—	21	24	4,037	—	—	4,995
<b>Total Commercial real estate</b>	<b>46,751</b>	<b>65,819</b>	<b>144,013</b>	<b>115,239</b>	<b>29,698</b>	<b>111,303</b>	<b>—</b>	<b>—</b>	<b>512,823</b>
Current period gross charge-offs	—	—	—	—	305	—	—	—	305
<b>Commercial and industrial</b>									
Pass	57,603	65,648	21,894	3,533	4,777	3,225	—	—	156,680
Special Mention	257	6,095	—	543	788	461	—	—	8,144
Substandard	37	1,335	2,576	961	244	465	—	—	5,618
<b>Total Commercial and industrial</b>	<b>57,897</b>	<b>73,078</b>	<b>24,470</b>	<b>5,037</b>	<b>5,809</b>	<b>4,151</b>	<b>—</b>	<b>—</b>	<b>170,442</b>
Current period gross charge-offs	—	133	—	—	—	—	—	—	133
<b>Construction and land development</b>									
Pass	—	1,210	—	2,975	—	—	—	—	4,185
Special Mention	—	—	—	3,800	—	—	—	—	3,800
Substandard	—	—	—	—	—	—	—	—	—
<b>Total Construction and land development</b>	<b>—</b>	<b>1,210</b>	<b>—</b>	<b>6,775</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>7,985</b>
Current period gross charge-offs	—	—	—	—	—	—	—	—	—
<b>Consumer</b>									
Pass	91	234	107	—	—	—	—	—	432
Special Mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
<b>Total Consumer</b>	<b>91</b>	<b>234</b>	<b>107</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>432</b>
Current period gross charge-offs	—	—	—	—	—	—	—	—	—
<b>Total Loans</b>	<b>\$ 169,883</b>	<b>\$ 342,479</b>	<b>\$ 614,787</b>	<b>\$ 364,775</b>	<b>\$ 127,913</b>	<b>\$ 313,835</b>	<b>\$ —</b>	<b>\$ 26,330</b>	<b>\$ 1,960,002</b>
<b>Gross charge-offs</b>	<b>\$ —</b>	<b>\$ 133</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 305</b>	<b>\$ 33</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 471</b>

(1) Certain fixed rate residential mortgage loans are included in a fair value hedging relationship. The amortized cost excludes a contra asset of \$672,000 related to basis adjustments for loans in the closed portfolio under the portfolio layer method at March 31, 2025. These basis adjustments would be allocated to the amortized cost of specific loans within the pool if the hedge was de-designated. See “Note 10 – Derivates” for more information on the fair value hedge.

The following table summarizes the Company’s loans by year of origination and internally assigned credit risk at December 31, 2024:

(in thousands)	Term Loans Amortized Cost by Origination Year						Revolving		Total
	2024	2023	2022	2021	2020	Prior	Loans	Term Loans	
<b>Residential real estate <sup>(1)</sup></b>									
Pass	\$ 81,599	\$ 180,498	\$ 193,204	\$ 58,694	\$ 33,539	\$ 143,580	\$ —	\$ 25,004	\$ 716,118
Special Mention	407	877	585	1,199	2,110	768	—	—	5,946
Substandard	—	514	679	589	—	3,467	—	1,418	6,667
<b>Total Residential real estate</b>	<b>82,006</b>	<b>181,889</b>	<b>194,468</b>	<b>60,482</b>	<b>35,649</b>	<b>147,815</b>	<b>—</b>	<b>26,422</b>	<b>728,731</b>
<b>Multi-family</b>									
Pass	2,814	3,393	292,430	159,094	35,368	56,158	—	—	549,257
Special Mention	—	—	—	—	—	450	—	—	450
Substandard	—	—	—	863	—	—	—	—	863
<b>Total Multi-family</b>	<b>2,814</b>	<b>3,393</b>	<b>292,430</b>	<b>159,957</b>	<b>35,368</b>	<b>56,608</b>	<b>—</b>	<b>—</b>	<b>550,570</b>
<b>Commercial real estate</b>									
Pass	50,579	78,564	173,301	78,044	21,870	104,957	—	—	507,315
Special Mention	—	911	1,709	3,866	399	1,298	—	—	8,183
Substandard	—	—	—	2,790	483	4,034	—	—	7,307
<b>Total Commercial real estate</b>	<b>50,579</b>	<b>79,475</b>	<b>175,010</b>	<b>84,700</b>	<b>22,752</b>	<b>110,289</b>	<b>—</b>	<b>—</b>	<b>522,805</b>
<b>Commercial and industrial</b>									
Pass	68,836	73,744	8,834	6,022	1,375	2,496	—	—	161,307
Special Mention	236	251	—	544	805	416	—	—	2,252
Substandard	42	815	2,500	1,261	249	483	—	—	5,350
<b>Total Commercial and industrial</b>	<b>69,114</b>	<b>74,810</b>	<b>11,334</b>	<b>7,827</b>	<b>2,429</b>	<b>3,395</b>	<b>—</b>	<b>—</b>	<b>168,909</b>
<b>Construction and land development</b>									
Pass	921	3,288	—	5,473	—	—	—	—	9,682
Special Mention	—	—	—	3,801	—	—	—	—	3,801
Substandard	—	—	—	—	—	—	—	—	—
<b>Total Construction and land development</b>	<b>921</b>	<b>3,288</b>	<b>—</b>	<b>9,274</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>13,483</b>
<b>Consumer</b>									
Pass	138	292	73	—	—	—	—	—	503
Special Mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
<b>Total Consumer</b>	<b>138</b>	<b>292</b>	<b>73</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>503</b>
<b>Total Loans</b>	<b>\$ 205,572</b>	<b>\$ 343,147</b>	<b>\$ 673,315</b>	<b>\$ 322,240</b>	<b>\$ 96,198</b>	<b>\$ 318,107</b>	<b>\$ —</b>	<b>\$ 26,422</b>	<b>\$ 1,985,001</b>

(1) Certain fixed rate residential mortgage loans are included in a fair value hedging relationship. The amortized cost excludes a contra asset of \$523,000 related to basis adjustments for loans in the closed portfolio under the portfolio layer method at December 31, 2024. These basis adjustments would be allocated to the amortized cost of specific loans within the pool if the hedge was de-designated. See “Note 10 – Derivates” for more information on the fair value hedge.

## 5. EQUITY COMPENSATION PLANS

The Company’s 2021 and 2018 Equity Compensation Plans (the “2021 Plan” and the “2018 Plan,” respectively) provide for the grant of stock-based compensation awards to members of management, including employees and management officials, and members of the Board. Under the 2021 Plan, a total of 427,500 shares of the Company’s common stock or equivalents were approved for issuance, of which 156,408 shares remain available for issuance at March 31, 2025. Of the total 346,000 shares of common stock approved for issuance under the 2018 Plan, 1,045 shares remain available for issuance at March 31, 2025.

Stock Options

Stock options are granted with an exercise price equal to the fair market value of the Company’s common stock at the date of grant, and generally with vesting periods of three years and contractual terms of ten years. All stock options fully vest upon a change in control.

The fair value of stock options is estimated on the date of grant using a closed form option valuation (Black-Scholes) model. Expected volatilities are based on historical volatilities of the common stock of the Company’s peers. The Company uses historical data to estimate option exercise and post-vesting termination behavior. Expected terms are based on historical data and represent the periods in which the options are expected to be outstanding. The risk-free interest rate for the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

There were 42,000 stock options exercised resulting in the net issuance (after netting the value of the exercise price and/or certain tax liabilities) of 14,332 shares of common stock during the three months ended March 31, 2025. There were 8,139 stock options exercised resulting in the net issuance of 3,201 shares of common stock during the three months ended March 31, 2024.

A summary of stock option activity follows (aggregate intrinsic value in thousands):

	Number of Options	Weighted Average Exercise Price	Aggregate Intrinsic Value	Weighted Average Remaining Contractual Term
Outstanding, January 1, 2025	58,000	\$ 8.11	\$ 835	0.82 years
Granted	—	—	—	—
Exercised	(42,000)	6.25	—	—
Forfeited	—	—	—	—
Outstanding, March 31, 2025 <sup>(1)</sup>	<u>16,000</u>	<u>\$ 13.00</u>	<u>\$ 154</u>	<u>1.42 years</u>

<sup>(1)</sup> All outstanding options are fully vested and exercisable.

The following table presents information related to the stock option plan for the periods presented:

<i>(in thousands)</i>	Three Months Ended March 31,	
	2025	2024
Intrinsic value of options exercised	\$ 847	\$ 53
Tax benefit from option exercises	296	18

There was no compensation expense attributable to stock options for the three months ended March 31, 2025 and 2024.

Restricted Stock Awards

During the three months ended March 31, 2025 and 2024, restricted stock awards of 49,750 shares and 54,411 shares, respectively, were granted with a five-year vesting period. Compensation expense is recognized over the vesting period of the awards based on the fair value of the stock at issue date.

A summary of restricted stock awards activity follows:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested, January 1, 2025	236,203	\$ 18.95
Granted	49,750	26.30
Vested	(68,990)	19.32
Forfeited	—	—
Unvested, March 31, 2025	<u>216,963</u>	<u>\$ 20.52</u>

Compensation expense attributable to restricted stock awards was \$348 thousand and \$325 thousand for the three months ended March 31, 2025 and 2024, respectively. As of March 31, 2025 and December 31, 2024, there was \$4.0 million and \$3.1 million of total unrealized compensation cost related to unvested restricted stock, expected to be recognized over a weighted-average term of 3.46 years and 3.00 years, respectively. The total fair value of shares vested during the three months ended March 31, 2025 and 2024 was \$1.8 million and \$1.1 million, respectively.

### Restricted Stock Units

#### Long Term Incentive Plan

Restricted stock units (“RSU”s) represent an obligation to deliver shares to a grantee at a future date if certain vesting conditions are met. RSUs are subject to a time-based vesting schedule and the satisfaction of performance conditions and are settled in shares of the Company's common stock. RSUs do not provide voting rights and RSUs may accrue dividends from the date of grant.

The following table summarizes the unvested performance-based RSU activity for the three months ended March 31, 2025:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested, January 1, 2025	38,271	\$ 19.73
Granted	22,345	26.30
Incremental performance shares vested	9,086	19.73
Vested	(42,484)	19.73
Forfeited	(4,873)	19.73
Unvested, March 31, 2025	<u>22,345</u>	<u>\$ 26.30</u>

During the three months ended March 31, 2025, the Company granted 22,345 RSUs. These performance-based RSUs cliff vest after three years and are subject to the achievement of the Company's pre-defined performance goals for the three-year period ending December 31, 2027.

Compensation expense attributable to RSUs was \$146 thousand and \$56 thousand, respectively, for the three months ended March 31, 2025 and 2024. As of March 31, 2025 and December 31, 2024, there was \$567 thousand and \$31 thousand of total unrecognized compensation cost related to non-vested RSUs.

## 6. REGULATORY MATTERS

The Bank is subject to various regulatory capital requirements administered by federal banking agencies. Capital adequacy regulations and, additionally, prompt corrective action regulations, involve quantitative measures of assets, liabilities, and certain off-balance sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators. Failure to meet minimum capital requirements can initiate regulatory action. The effects of accumulated other comprehensive income or loss is not included in computing regulatory capital. Management believes as of March 31, 2025, the Bank meets all capital adequacy requirements to which it is subject.

In addition to the minimum capital requirements discussed above, the Bank is also required to maintain a capital buffer above the requirements set forth in the capital adequacy regulations. Failure to maintain the required buffer could impair the Bank's ability to pay dividends to the Company and to pay certain compensation to its executives.

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized or worse, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. At March 31, 2025 and December 31, 2024, the most recent regulatory notifications categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the institution's category.

Under a policy of the Federal Reserve applicable to bank holding companies with less than \$3.0 billion in consolidated assets, the Company is not subject to consolidated regulatory capital requirements.

The following table sets forth the Bank's actual and required capital amounts (in thousands) and ratios under current regulations:

	Actual Capital		Minimum Capital Adequacy Requirement		Minimum Capital Adequacy Requirement with Capital Conservation Buffer		Minimum to Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
<b>March 31, 2025</b>								
Total capital to risk-weighted assets	\$ 220,851	14.62 %	\$ 120,857	8.00 %	\$ 158,625	10.50 %	\$ 151,072	10.00 %
Tier 1 capital to risk-weighted assets	201,925	13.37 %	90,643	6.00 %	128,411	8.50 %	120,857	8.00 %
Common equity tier 1 capital to risk-weighted assets	201,925	13.37 %	67,982	4.50 %	105,750	7.00 %	98,197	6.50 %
Tier 1 capital to average total assets	201,925	8.95 %	90,243	4.00 %	N/A	N/A	112,804	5.00 %
<b>December 31, 2024</b>								
Total capital to risk-weighted assets	\$ 220,696	14.58 %	\$ 121,127	8.00 %	\$ 158,979	10.50 %	\$ 151,408	10.00 %
Tier 1 capital to risk-weighted assets	201,744	13.32 %	90,845	6.00 %	128,697	8.50 %	121,127	8.00 %
Common equity tier 1 capital to risk-weighted assets	201,744	13.32 %	68,134	4.50 %	105,986	7.00 %	98,416	6.50 %
Tier 1 capital to average total assets	201,744	9.13 %	88,382	4.00 %	N/A	N/A	110,478	5.00 %

Dividend restrictions - The Company's principal source of funds for dividend and debt service payments is dividends received from the Bank. During the three months ended March 31, 2025 the Bank paid \$1.2 million in cash dividends to the Company. Banking regulations limit the amount of dividends that may be paid without prior approval of regulatory agencies. As of March 31, 2025, the Bank had \$19.4 million of retained net income available for dividends to the Company, without obtaining regulatory approval, provided that the Bank satisfies the regulatory capital requirements, including the capital conservation buffer, disclosed above.

## 7. FAIR VALUE

FASB ASC No. 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined using quoted market prices. However, in many instances, quoted market prices are not available. In such instances, fair values are determined using appropriate valuation techniques. Various assumptions and observable inputs must be relied upon in applying these techniques. Accordingly, categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. As such, the fair value estimates may not be realized in an immediate transfer of the respective asset or liability.

FASB ASC 820-10 also establishes a fair value hierarchy and describes three levels of inputs that may be used to measure fair values. The three levels within the fair value hierarchy are as follows:

- Level 1: Valuation is based upon unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- Level 2: Fair value is calculated using significant inputs other than quoted market prices that are directly or indirectly observable for the asset or liability. The valuation may rely on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability (such as interest rates, rate volatility, prepayment speeds, credit ratings) or inputs that are derived principally or corroborated by market data, by correlation, or other means.
- Level 3: Inputs for determining the fair value of the respective assets or liabilities are not observable. Level 3 valuations are reliant upon pricing models and techniques that require significant management judgment or estimation.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Company's entire holdings of a particular financial instrument. Because no market exists for a significant portion of the Company's financial instruments, fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Fair value estimates are based on existing on- and off-balance-sheet financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. In addition, the tax ramifications related to the realization of the unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in the estimates.

**Assets Measured at Fair Value on a Recurring Basis**

The following presents fair value measurements on a recurring basis at March 31, 2025 and December 31, 2024:

	March 31, 2025			
	Carrying Amount	Fair Value Measurements Using:		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>(in thousands)</i>				
<b>Financial assets:</b>				
Available-for-sale securities:				
U.S. GSE residential mortgage-backed securities	\$ 10,773	\$ —	\$ 10,773	\$ —
U.S. GSE residential collateralized mortgage obligations	14,840	—	14,840	—
U.S. GSE commercial mortgage-backed securities	1,530	—	1,530	—
Collateralized loan obligations	43,288	—	43,288	—
Corporate bonds	22,766	—	22,766	—
Loan servicing rights	6,207	—	—	6,207
<b>Total</b>	<b>\$ 99,404</b>	<b>\$ —</b>	<b>\$ 93,197</b>	<b>\$ 6,207</b>
<b>Financial liabilities:</b>				
Derivatives	\$ 1,310	\$ —	\$ 1,310	\$ —

	December 31, 2024			
	Carrying Amount	Fair Value Measurements Using:		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>(In thousands)</i>				
<b>Financial assets:</b>				
Available-for-sale securities:				
U.S. Treasury securities	\$ 20,000	\$ —	\$ 20,000	\$ —
U.S. GSE residential mortgage-backed securities	10,645	—	10,645	—
U.S. GSE commercial mortgage-backed securities	1,503	—	1,503	—
Collateralized loan obligations	32,477	—	32,477	—
Corporate bonds	19,130	—	19,130	—
Loan servicing rights	6,016	—	—	6,016
Derivatives	68	—	68	—
<b>Total</b>	<b>\$ 89,839</b>	<b>\$ —</b>	<b>\$ 83,823</b>	<b>\$ 6,016</b>
<b>Financial liabilities:</b>				
Derivatives	\$ 927	\$ —	\$ 927	\$ —

The fair value for the securities available-for-sale were obtained from an independent broker based upon matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities. The Company has determined these are classified as Level 2 inputs within the fair value hierarchy.

Derivatives represent interest rate swaps for which the estimated fair values are based on valuation models using observable market data as of the measurement date resulting in a Level 2 classification.

The fair value of mortgage servicing rights is based on a valuation model that calculates the present value of estimated future servicing income. The valuation model utilizes interest rate, prepayment speed, and default rate assumptions that market participants would use in estimating future net servicing income. The fair value of loan servicing rights related to residential mortgage loans at March 31, 2025 was determined based on discounted expected future cash flows using discount rates ranging from 12.6% to 15.1%, prepayment speeds ranging from 17.9% to 19.2% and a weighted average life ranging from 1.9 to 3.5 years. Fair value at December 31, 2024 for loan servicing rights related to residential mortgage loans was determined based on discounted expected future cash flows using discount rates ranging from 13.0% to 15.5%, prepayment speeds ranging from 18.0% to 19.4% and a weighted average life ranging from 2.0 to 3.5 years.

The fair value of loan servicing rights for SBA loans at March 31, 2025 was determined based on discounted expected future cash flows using discount rates ranging from 5.8% to 43.1%, prepayment speeds ranging from 9.9% to 34.1% and a weighted average life ranging from 0.7 to 5.1 years. The fair value of loan servicing rights for SBA loans at December 31, 2024 was determined based on discounted expected future cash flows using discount rates ranging from 5.5% to 43.4%, prepayment speeds ranging from 9.3% to 35.0% and a weighted average life ranging from 0.8 to 5.1 years.

The Company has determined these are mostly unobservable inputs and considers them Level 3 inputs within the fair value hierarchy.

The following table presents the changes in mortgage servicing rights for the periods presented:

<i>(in thousands)</i>	<b>Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Balance at beginning of period</b>	\$ 6,016	\$ 4,668
Additions	490	557
Adjustment to fair value	(299)	(138)
<b>Balance at end of period</b>	<u>\$ 6,207</u>	<u>\$ 5,087</u>

#### **Assets Measured at Fair Value on a Non-recurring Basis**

There were no assets measured at fair value on a non-recurring basis as of March 31, 2025 and December 31, 2024.

**Financial Instruments Not Measured at Fair Value**

The following presents the carrying amounts and estimated fair values of the Company’s financial instruments not carried at fair value at March 31, 2025 and December 31, 2024:

<i>(In thousands)</i>	March 31, 2025				
	Carrying Amount	Fair Value Measurements Using:			Total Fair Value
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<b>Financial assets:</b>					
Cash and cash equivalents	\$ 160,234	\$ 160,234	\$ —	\$ —	\$ 160,234
Securities held-to-maturity	3,671	—	3,556	—	3,556
Loans, net	1,937,749	—	—	1,922,387	1,922,387
Accrued interest receivable	12,026	—	1,128	10,898	12,026
<b>Financial liabilities:</b>					
Time deposits	518,229	—	518,444	—	518,444
Demand and other deposits	1,418,209	1,418,209	—	—	1,418,209
Borrowings	107,805	—	108,216	—	108,216
Subordinated debentures	24,702	—	25,138	—	25,138
Accrued interest payable	1,865	7	1,858	—	1,865
December 31, 2024					
<i>(In thousands)</i>	Carrying Amount	Fair Value Measurements Using:			Total Fair Value
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
	<b>Financial assets:</b>				
Cash and cash equivalents	\$ 162,857	\$ 162,857	\$ —	\$ —	\$ 162,857
Securities held-to-maturity	3,758	—	3,609	—	3,609
Loans, net	1,962,745	—	—	1,940,452	1,940,452
Accrued interest receivable	11,849	—	931	10,918	11,849
<b>Financial liabilities:</b>					
Time deposits	497,770	—	498,226	—	498,226
Demand and other deposits	1,456,513	1,456,513	—	—	1,456,513
Borrowings	107,805	—	107,530	—	107,530
Subordinated debentures	24,689	—	30,909	—	30,909
Accrued interest payable	1,532	5	1,527	—	1,532

**8. BORROWINGS**

*Federal Home Loan Bank (“FHLB”) Advances*

At March 31, 2025 and December 31, 2024, FHLB term borrowings outstanding were \$107.8 million, all of which were fixed rate.

There were no FHLB overnight borrowings outstanding at March 31, 2025 and December 31, 2024.

[Table of Contents](#)

Each advance is payable at its maturity date, with a prepayment penalty for fixed rate advances. The advances were collateralized by residential and commercial mortgage loans under a blanket lien arrangement at March 31, 2025 and December 31, 2024. Based on this collateral and the Company's holdings of FHLB stock, the Company was eligible to borrow up to an additional total of \$85.7 million and \$97.9 million at March 31, 2025 and December 31, 2024, respectively.

The following tables set forth the contractual maturities in the next five years and weighted average interest rates of the Company's fixed rate FHLB advances (dollars in thousands):

Contractual Maturity	Balance at March 31, 2025	
	Amount	Weighted Average Rate
Overnight	\$ —	— %
2025, rates from 0.56% to 0.59%	7,080	0.58 %
2026, rates from 4.29% to 4.98%	40,475	4.50 %
2027, rates from 4.13% to 4.74%	40,250	4.32 %
2028, rates from 3.99% to 4.58%	20,000	4.18 %
Total term advances	107,805	4.11 %
Total FHLB advances	\$ 107,805	4.11 %

Contractual Maturity	Balance at December 31, 2024	
	Amount	Weighted Average Rate
Overnight	\$ —	— %
2025, rates from 0.56% to 0.59%	7,080	0.58 %
2026, rates from 4.29% to 4.98%	40,475	4.50 %
2027, rates from 4.13% to 4.74%	40,250	4.32 %
2028, rates from 3.99% to 4.58%	20,000	4.18 %
Total term advances	107,805	4.11 %
Total FHLB advances	\$ 107,805	4.11 %

#### Federal Reserve Borrowings

The Company pledges residential and commercial loans and investments to the Federal Reserve Bank of New York's Discount Window. Based on this collateral, the Company was eligible to borrow up to \$239.9 million and \$247.2 million as of March 31, 2025 and December 31, 2024, respectively. The Company did not have any outstanding borrowings against this line as of March 31, 2025 and December 31, 2024.

#### Correspondent Bank Borrowings

At March 31, 2025, approximately \$92.0 million in unsecured lines of credit extended by correspondent banks were available to be utilized for short-term funding purposes. No borrowings were outstanding under lines of credit with correspondent banks at March 31, 2025 and December 31, 2024.

## 9. SUBORDINATED DEBENTURES

In October 2020, the Company completed the private placement of \$25.0 million in aggregate principal amount of fixed-to-floating rate subordinated notes due 2030 (the “Notes”) to certain qualified institutional buyers and accredited investors. The Notes bear interest, payable semi-annually, at the rate of 5.00% per annum, until October 15, 2025. From and including October 15, 2025 through maturity, the interest rate applicable to the outstanding principal amount due will reset quarterly to the then current three-month Secured Overnight Financing Rate (“SOFR”) plus 487.4 basis points. The Company may, at its option, beginning with the interest payment date of October 15, 2025, but not generally prior thereto, and on any scheduled interest payment date thereafter, redeem the Notes, in whole or in part, subject to the receipt of any required regulatory approval. The Notes are not subject to redemption at the option of the holder. The portion of the proceeds of these subordinated notes contributed to the Bank is included as a component of the Bank’s Tier 1 capital for regulatory reporting.

At March 31, 2025 and December 31, 2024, the unamortized issuance costs of the Notes were \$0.3 million. For the three months ended March 31, 2025 and 2024, \$13 thousand in issuance costs were recorded in interest expense. The Notes are presented net of unamortized issuance costs in the Company’s Consolidated Statements of Financial Condition.

## 10. DERIVATIVES

As part of its asset liability management, the Company utilizes interest rate swap agreements to help manage its interest rate risk position. The notional amount of the interest rate swap does not represent the amount exchanged by the parties. The amount exchanged is determined by reference to the notional amount and the other terms of the individual interest rate swap agreements.

The following sets forth information regarding the Company’s derivative financial instruments as of the dates indicated:

	Assets		Liabilities	
	Notional Amount	Fair Value <sup>(1)</sup>	Notional Amount	Fair Value <sup>(1)</sup>
<i>(in thousands)</i>				
<b>March 31, 2025</b>				
Cash flow hedges:				
Interest rate swaps (Brokered Certificates of Deposit)	\$ —	\$ —	\$ 75,000	\$ (689)
Fair value hedges:				
Interest rate swaps (Loans)	—	—	50,000	(621)
<b>Total</b>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 125,000</u>	<u>\$ (1,310)</u>
<b>December 31, 2024</b>				
Cash flow hedges:				
Interest rate swaps (Brokered Certificates of Deposit)	\$ 25,000	\$ 68	\$ 50,000	\$ (451)
Fair value hedges:				
Interest rate swaps (Loans)	—	—	50,000	(476)
<b>Total</b>	<u>\$ 25,000</u>	<u>\$ 68</u>	<u>\$ 100,000</u>	<u>\$ (927)</u>

<sup>(1)</sup> Derivatives in a positive position are recorded as “Other assets” and derivatives in a negative position are recorded as “Other liabilities” in the Consolidated Statements of Financial Condition.

Cash Flow Hedges of Interest Rate Risk

Interest rate swaps with notional amounts totaling \$75.0 million as of March 31, 2025 and December 31, 2024, were designated as cash flow hedges of certain Brokered Certificates of Deposit. The swaps were determined to be fully effective during the periods presented and therefore no amount of ineffectiveness has been included in net income. The aggregate fair value of the swaps is recorded in other assets/(other liabilities) with changes in fair value recorded in other comprehensive income (loss). The amount included in accumulated other comprehensive income (loss) would be reclassified to current earnings should the hedges no longer be considered effective. The Company expects the hedges to remain fully effective during the remaining term of the swaps.

The following table presents the net gains (losses) recorded in accumulated other comprehensive income and the consolidated statements of income relating to the cash flow derivative instruments for the periods indicated.

<i>(in thousands)</i>	<b>Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
(Loss) gain recognized in other comprehensive income, net of tax	\$ (238)	\$ 886
Gain recognized in interest expense	—	184

Fair Value Hedges of Interest Rate Risk

On November 1, 2023, the Company entered into a three year interest rate swap with a notional amount totaling \$50 million which was designated as a fair value hedge of certain fixed rate residential mortgages. The Company pays a fixed rate of 4.56% and receives a floating rate based on SOFR for the life of the agreement without an exchange of the underlying notional amount. The hedge was determined to be effective during all periods presented and the Company expects the hedge to remain effective during the remaining term of the swap. The gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk is recognized in interest income.

The following table presents the effects of the Company's derivative instruments designated as fair value hedges on the Consolidated Statements of Income for the three months ended March 31, 2025 and 2024.

<i>(in thousands)</i>	<b>Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Net gain (loss) on hedged items recorded in interest income on loans	\$ 3	\$ (6)
(Loss) gain on hedge recorded in interest income on loans	(27)	95

At March 31, 2025 and December 31, 2024, the following amounts were recorded on the Statement of Financial Condition related to cumulative basis adjustment for fair value hedges.

<i>(in thousands)</i>	<b>March 31, 2025</b>	<b>December 31, 2024</b>
<b>Loans receivable:</b>		
Carrying amount of the hedged assets <sup>(1)</sup>	\$ 50,000	\$ 50,000
Fair value hedging adjustment included in the carrying amount of the hedged assets	672	523

- (1) This amount includes the amortized cost basis of the closed portfolios of loans receivable used to designate hedging relationships in which the hedged item is the stated amount of assets in the closed portfolios anticipated to be outstanding for the designated hedge period. At March 31, 2025 and December 31, 2024, the amortized cost basis of the closed portfolios used in the hedging relationships was \$363.6 million and \$379.3 million, respectively. The cumulative basis adjustments associated with these hedging relationships was \$0.7 million and \$0.5 million, respectively, and the amounts of the designated hedged items were \$50.0 million and \$50.0 million, respectively.

### Credit-Risk-Related Contingent Features

The Company has minimum collateral posting thresholds with certain of its derivative counterparties. If the termination value of derivatives is a net liability position, the Company is required to post collateral against its obligations under the agreements. However, if the termination value of derivatives is a net asset position, the counterparty is required to post collateral to the Company. At March 31, 2025 and December 31, 2024, the Company posted \$1.2 million and \$0.7 million, respectively, in collateral to its counterparties in a net liability position.

## **11. ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME**

The following presents changes in accumulated other comprehensive (loss) income by component, net of tax, for the three months ended March 31, 2025 and 2024:

<i>(in thousands)</i>	<b>Unrealized Gains and Losses on Available- for-Sale Debt Securities</b>	<b>Gains and Losses on Cash Flow Hedges</b>	<b>Total</b>
Balance at January 1, 2025	\$ (1,035)	\$ (299)	\$ (1,334)
Other comprehensive income (loss), before reclassification	176	(238)	(62)
Amount reclassified from accumulated other comprehensive income	—	—	—
Net current period other comprehensive income (loss)	176	(238)	(62)
Balance at March 31, 2025	\$ (859)	\$ (537)	\$ (1,396)

<i>(in thousands)</i>	<b>Unrealized Gains and Losses on Available- for-Sale Debt Securities</b>	<b>Gains and Losses on Cash Flow Hedges</b>	<b>Total</b>
Balance at January 1, 2024	\$ (1,466)	\$ (984)	\$ (2,450)
Other comprehensive income, before reclassification	271	886	1,157
Amount reclassified from accumulated other comprehensive income	—	—	—
Net current period other comprehensive income	271	886	1,157
Balance at March 31, 2024	\$ (1,195)	\$ (98)	\$ (1,293)

There were no significant amounts reclassified out of accumulated other comprehensive (loss) income for the three months ended March 31, 2025 and 2024.

## 12. SEGMENT INFORMATION

The Company's reportable segment is determined by the Chief Executive Officer, who is the designated chief operating decision maker (the "CODM"). The Chief Executive Officer along with others in the Company's executive management evaluates performance and allocates resources based upon analysis of the Company as one operating segment or unit. The activities of the Company comprise one reportable segment, "Community Banking." All of the Company's activities are interrelated, and each activity is dependent and assessed based on the manner in which it supports the other activities of the Company. All the consolidated assets are attributable to the Community Banking segment.

The Company provides a range of community banking services, including commercial and consumer lending, personal and business banking, cash management services, and other financial services primarily to individuals, businesses, and municipalities in the New York metropolitan area.

The CODM is provided with the Company's consolidated statements of financial condition and income and evaluates the Company's operating results based on consolidated net interest income, non-interest income, non-interest expense, and net income, which can be seen on the consolidated statements of income. These results are used to measure the Company against its competitors. Other significant non-cash items assessed by the CODM are depreciation, amortization and provision for credit losses consistent with the reporting on the consolidated statements of cash flows. Expenditures for long-lived assets are also evaluated and are consistent with the reporting on the consolidated statements of cash flows. Strategic plans and budget to actual monitoring are evaluated as one reportable segment. The actual results are used in assessing performance of the segment and in establishing compensation. All revenues are derived from banking operations within the United States, and for the three months ended March 31, 2025 and 2024, there was no customer that accounted for more than 10% of the Company's consolidated revenue.

## ITEM 2. - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

**Cautionary Statement Regarding Forward-Looking Statements** - This document contains a number of forward-looking statements, including statements about the financial condition, results of operations, earnings outlook and prospects of the Company. Forward-looking statements are typically identified by words such as "should," "likely," "plan," "believe," "expect," "anticipate," "intend," "outlook," "estimate," "forecast," "target," "project," "goal" and other similar words and expressions. The forward-looking statements involve certain risks and uncertainties. The ability of the Company to predict results or the actual effects of its plans and strategies is subject to inherent uncertainty.

Factors that may cause actual results or earnings to differ materially from such forward-looking statements include those set forth in Part I, Item 1A. Risk Factors in the Company's Annual Report on Form 10-K for the year ended December 31, 2024, as updated by the Company's subsequent filings with the SEC and, among others, the following:

- Changes in monetary and fiscal policies of the FRB and the U. S. Government, particularly related to changes in interest rates, money supply and inflation, may affect interest margins and the fair value of financial instruments;
- Changes in general economic conditions, either nationally or in our market areas, including due to increased market volatility related to government policy or the impact of tariffs or trade policy, that are different than expected;
- The ability to enhance revenue through increased market penetration, expanded lending capacity and product offerings;
- Occurrence of natural or man-made disasters or calamities, including health emergencies, the spread of infectious diseases, or outbreaks of hostilities, such as between Russia and Ukraine and in the Middle East, or the effects of climate change, and the ability of the Company to deal effectively with disruptions caused by the foregoing;
- Legislative, regulatory or policy changes;
- Downturns in demand for loan, deposit and other financial services in the Company's market area;
- Increased competition from other banks and non-bank providers of financial services;
- Technological changes and increased technology-related costs;
- A breach of our information systems security, including the occurrence of a cyber incident or a deficiency in cyber security; and
- Changes in accounting principles, or the application of generally accepted accounting principles.

Because these forward-looking statements are subject to assumptions and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. You are cautioned not to place undue reliance on these statements, which speak only as of the date of this document. All subsequent written and oral forward-looking statements concerning matters addressed in this document and attributable to the Company or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this document. Except to the extent required by applicable law or regulation, the Company undertakes no obligation to update these forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events.

**Non-GAAP Disclosure** - This discussion includes discussions of the Company's tangible common equity ("TCE") ratio, TCE, tangible assets and efficiency ratio, all of which are non-GAAP financial measures. A non-GAAP financial measure is a numerical measure of historical or future financial performance, financial position or cash flows that excludes or modifies amounts that are required to be disclosed in the most directly comparable measure calculated and presented in accordance with U.S. GAAP. The Company believes that these non-GAAP financial measures provide both management and investors a more complete understanding of the underlying operational results and trends and the Company's marketplace performance. The presentation of this additional information is not meant to be considered in isolation or as a substitute for the numbers prepared in accordance with U.S. GAAP and may not be comparable to similarly titled measures used by other financial institutions.

With respect to the calculations and reconciliations of TCE, tangible assets and the TCE ratio, please see Liquidity and Capital Resources contained herein for a reconciliation to the most directly comparable GAAP measure.

**Executive Summary** – The Company is a one-bank holding company incorporated in 2016. The Company operates as the parent for its wholly owned subsidiary, the Bank, which commenced operations in 2008. The income of the Company is primarily derived through the operations of the Bank. Unless the context otherwise requires, references herein to the Company include the Company and the Bank on a consolidated basis.

The Company completed its core processing system conversion to FIS Horizon in February 2025. This conversion, coupled with our recently refreshed corporate logo, exemplifies our momentum towards a more technologically advanced, modern and digitally forward-thinking bank.

The Bank operates as a locally headquartered, community-oriented bank, serving customers throughout the New York metro area from offices in Nassau, Suffolk, Queens, Kings (Brooklyn) and New York (Manhattan) Counties, New York and Freehold in Monmouth County, New Jersey. We opened the Bank's Hauppauge Business Banking Center in Hauppauge, Suffolk County, New York in May 2023. This location is the nexus of our expanded commercial lending and deposit activities that are integral to the ongoing diversification of our balance sheet as we fill the void left by the diminishing number of commercial banks in the NYC Metro area. The Bank has received regulatory approval to open a full-service branch in Port Jefferson, New York. Business development staff have already joined the Bank in anticipation of the opening of this location. The Bank expects this site to be fully operational in mid 2025. During the fourth calendar quarter of 2023, we began offering business banking services to the legal, licensed cannabis industry, initially in New York state. We now offer these services in New Jersey and may in the future consider opening accounts for licensed entities in other states. We offer personal and business loans on a secured and unsecured basis, SBA and USDA guaranteed loans, revolving lines of credit, commercial mortgage loans, and one- to four-family non-qualified mortgages secured by primary and secondary residences that may be owner occupied or investment properties, home equity loans, bridge loans and other personal purpose loans.

The Bank works to provide more direct, personal attention to customers than management believes is offered by competing financial institutions, the majority of which are headquartered outside of the Bank's primary trade area and are represented locally by branch offices. By striving to employ professional, responsive and knowledgeable staff, the Bank believes it offers a superior level of service to its customers. As a result of senior management's availability for consultation on a daily basis, the Bank believes it offers customers quicker responses on loan applications and other banking transactions, as well as greater and earlier certainty as to whether these transactions will actually close, than competitors, whose decisions may take longer and be made in distant headquarters.

Historically, the Bank has generated additional income by strategically originating and selling residential and government guaranteed loans to other financial institutions at premiums, while also retaining servicing rights in some sales. However, with the rapid and significant rise in market interest rates in recent years, the appetite among the Bank's purchasers of residential loans for pools of loans declined, eliminating the Bank's ability to sell residential loans in its portfolio on desirable terms. In response, the Bank developed a flow origination program under which the Bank originates individual loans for sale to specific buyers, thereby positioning the Bank to resume residential loan sales and generate fee income to complement sale premiums earned from the sale of the guaranteed portion of SBA loans. The Bank is an approved SBA Preferred Lender, enabling the Bank to process SBA applications under delegated authority from the SBA and enhancing the Bank's ability to compete more effectively for SBA lending opportunities.

The Bank remains focused on expanding its core verticals and continues to originate loans for its portfolio and for sale in the secondary market under its residential flow origination program. Of the \$48.8 million in closed residential loans originated in the quarter ended March 31, 2025, \$27.6 million were originated for the Bank’s portfolio. The remaining \$21.2 million of closed loans were originated for sale in the secondary market. During the quarter ended March 31, 2025, the Company sold \$18.3 million of residential loans under its flow origination program and recorded gains on sale of loans held-for-sale of \$0.4 million with a premium of 2.38%.

During the quarters ended March 31, 2025 and 2024, the Company sold approximately \$23.4 million and \$26.7 million, respectively, in government guaranteed SBA loans and recorded gains on sale of loans held-for-sale of \$1.9 million and \$2.5 million, respectively. SBA loan originations and gains on sale were lower in 2025 due to a combination of factors, including: lower than expected loan sale premiums due, we believe, to first quarter market turmoil; delays in loan closings resulting from the impact of administrative changes to SBA Standard Operating Procedures; and the inability of certain loans to close because of delays by state regulatory agencies in issuing permit approvals to certain borrowers. As we enter the second quarter of 2025, we expect to navigate these factors and to increase the volume of origination and loan sale activity throughout the year. The Bank concluded the first quarter of 2025 with C&I loan originations of approximately \$16.8 million. Based on its existing pipeline, the Bank expects C&I lending and deposit activity to grow as the year progresses.

The Bank finances most of its activities through a combination of deposits, including non-interest-bearing demand, savings, NOW and money market deposits as well as time deposits, and both short- and long-term borrowings. The Company’s chief competition includes local banks within its market area, New York City money center banks and regional banks, as well as non-bank lenders, including fintech lenders.

**Financial Performance Summary**  
**As of or for the three months ended March 31, 2025 and 2024**  
(dollars in thousands, except per share data)

	Three months ended	
	March 31,	
	2025	2024
Revenue <sup>(1)</sup>	\$ 18,361	\$ 16,511
Non-interest expense	15,996	10,804
Provision for credit losses	600	300
Net income	1,521	4,061
Net income per share - diluted	0.20	0.55
Return on average assets	0.27 %	0.74 %
Return on average stockholders' equity <sup>(2)</sup>	3.11 %	8.70 %
Tier 1 leverage ratio	8.95 %	8.90 %
Common equity tier 1 risk-based capital ratio	13.37 %	12.99 %
Tier 1 risk-based capital ratio	13.37 %	12.99 %
Total risk-based capital ratio	14.62 %	14.19 %
Tangible common equity ratio (non-GAAP) <sup>(2)</sup>	7.80 %	7.43 %
Total stockholders' equity/total assets <sup>(3)</sup>	8.58 %	8.21 %

(1) Represents net interest income plus total non-interest income.

(2) Includes common stock and Series A preferred stock.

(3) The ratio of total stockholders’ equity to total assets is the most comparable GAAP measure to the non-GAAP tangible common equity ratio presented herein.

At March 31, 2025 the Company, on a consolidated basis, had total assets of \$2.3 billion, total deposits of \$1.9 billion and total stockholders’ equity of \$196.6 million. The Company recorded net income of \$1.5 million, or \$0.20 per diluted share (including Series A preferred shares) for the three months ended March 31, 2025 compared to net income of \$4.1 million, or \$0.55 per diluted share (including Series A preferred shares), for the same period in 2024.

The \$2.5 million decrease in earnings for the three months ended March 31, 2025, versus the comparable 2024 period resulted from a \$5.2 million increase in non-interest expenses, including core system conversion expenses of \$3.2 million, an increase in salaries and employee benefits of \$1.7 million and a \$0.3 million increase in provision for credit losses. These were partially offset by a \$1.7 million increase in net interest income, a \$0.2 million increase in non-interest income and a \$1.1 million decrease in income tax expense.

The Company's return on average assets and return on average stockholders' equity were 0.27% and 3.11%, respectively, for the three months ended March 31, 2025, versus 0.74% and 8.70%, respectively, for the comparable 2024 period.

Total non-accrual loans at March 31, 2025 were \$11.7 million, or 0.60% of total loans, compared to \$16.4 million, or 0.82% of total loans at December 31, 2024 and \$14.9 million, or 0.74% of total loans, at March 31, 2024. The allowance for credit losses as a percentage of total non-accrual loans amounted to 196%, 139% and 134% at March 31, 2025, December 31, 2024 and March 31, 2024, respectively.

The Company's operating efficiency ratio was 87.1% for the three months ended March 31, 2025, versus 65.4% in the March 31, 2024 quarter. The increase in the operating efficiency ratio was due to the increase in non-interest expense, which was partially offset by increases in net interest income and non-interest income.

**Critical Accounting Policies, Judgments and Estimates** - To prepare financial statements in conformity with U.S. GAAP, the Company's management makes estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in the financial statements and the disclosures provided, and actual results could differ. Critical accounting estimates are accounting estimates where (a) the nature of the estimate is material due to levels of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change, and (b) the impact of the estimate on financial condition or operating performance is material. At March 31, 2025, there have been no material changes to the Company's critical accounting policies as compared to the critical accounting policies disclosed in Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's most recent Annual Report on Form 10-K for the year ended December 31, 2024.

**Financial Condition** – Total assets of the Company were \$2.3 billion at March 31, 2025 and at December 31, 2024. Total securities available for sale at March 31, 2025 were \$93.2 million, an increase of \$9.4 million from December 31, 2024, primarily driven by growth in collateralized mortgage obligations, collateralized loan obligations and corporate bonds. Total loans at March 31, 2025 and December 31, 2024 were \$2.0 billion. Total deposits were \$1.9 billion and \$2.0 billion at March 31, 2025 and December 31, 2024, respectively. Total borrowings and subordinated debt at March 31, 2025 and December 31, 2024 were \$132.5 million, including \$107.8 million of outstanding FHLB advances.

At March 31, 2025, the residential loan portfolio amounted to \$733.6 million, or 37.4% of total loans. Commercial real estate loans, including multi-family loans and construction and land development loans, totaled \$1.1 billion or 53.9% of total loans at March 31, 2025. Commercial and industrial loans totaled \$170.4 million or 8.7% of total loans.

Total deposits at March 31, 2025 were \$1.9 billion, reflecting a decrease of \$17.8 million or 0.9%, compared to \$2.0 billion at December 31, 2024. Our loan to deposit ratio was 101% at March 31, 2025 and 102% at December 31, 2024. Core deposit balances, which consist of demand, NOW, savings and money market deposits, represented 73.2% and 74.5% of total deposits at March 31, 2025 and December 31, 2024, respectively. At those dates, demand deposit balances represented 11.1% and 10.8% of total deposits. The Company's municipal deposit program is built on long-standing relationships developed in the local marketplace. This core deposit business will continue to provide a stable source of funding for the Company's lending products at costs lower than both consumer deposits and market-based borrowings. The Company continues to broaden its municipal deposit base and currently services 40 customer relationships. At March 31, 2025, total municipal deposits were \$517.1 million, representing 26.7% of total deposits, compared to \$509.3 million at December 31, 2024, representing 26.1% of total deposits. The weighted average rate on the municipal deposit portfolio was 3.71% at March 31, 2025. The aggregate amount of the Company's outstanding uninsured deposits was \$210.9 million or 10.9% of total deposits as of March 31, 2025 and \$252.0 million or 12.9% of total deposits as of December 31, 2024.

Borrowings at March 31, 2025 and December 31, 2024 were \$107.8 million, comprised of outstanding FHLB advances. The Company had no borrowings outstanding under lines of credit with correspondent banks at March 31, 2025 and December 31, 2024.

**Commercial Real Estate Statistics**

The Company continues to actively manage its Multi-Family and Commercial Real Estate portfolios which resulted in a reduction in the commercial real estate concentration ratio to 369% of capital at March 31, 2025 from 385% at December 31, 2024. The Company will selectively explore Commercial Real Estate opportunities with an emphasis on relationship based Commercial Real Estate lending.

A significant portion of the Bank’s commercial real estate portfolio consists of loans secured by Multi-Family and CRE-Investor owned real estate that are predominantly subject to fixed interest rates for an initial period of 5 years. The Bank’s exposure to Land/Construction loans is minor at \$8.0 million, all at floating interest rates. As shown below, 31% of the loan balances in these combined portfolios will either have a rate reset or mature in 2025 and 2026, with another 56% with rate resets or maturing in 2027.

Multi-Family Market Rent Portfolio Fixed Rate Reset/Maturity Schedule					Multi-Family Stabilized Rent Portfolio Fixed Rate Reset/Maturity Schedule				
Calendar Period (loan data as of 3/31/25)	# Loans	Total O/S (\$000's omitted)	Avg O/S (\$000's omitted)	Avg Interest Rate	Calendar Period (loan data as of 3/31/25)	# Loans	Total O/S (\$000's omitted)	Avg O/S (\$000's omitted)	Avg Interest Rate
2025	10	\$ 16,321	\$ 1,632	4.45 %	2025	10	\$ 17,025	\$ 1,703	5.03 %
2026	36	117,886	3,275	3.66 %	2026	20	42,549	2,127	3.67 %
2027	70	174,601	2,494	4.29 %	2027	53	123,668	2,333	4.22 %
2028	16	21,382	1,336	6.20 %	2028	13	10,914	839	7.17 %
2029	6	4,929	821	7.70 %	2029	4	4,328	1,082	6.38 %
2030+	2	171	85	6.00 %	2030+	4	1,129	282	6.02 %
<b>Fixed Rate</b>	<b>140</b>	<b>335,290</b>	<b>2,395</b>	<b>4.61 %</b>	<b>Fixed Rate</b>	<b>104</b>	<b>199,613</b>	<b>1,919</b>	<b>4.39 %</b>
<b>Floating Rate</b>	<b>2</b>	<b>749</b>	<b>375</b>	<b>9.50 %</b>	<b>Floating Rate</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>— %</b>
<b>Total</b>	<b>142</b>	<b>\$ 336,039</b>	<b>\$ 2,366</b>	<b>4.26 %</b>	<b>Total</b>	<b>104</b>	<b>\$ 199,613</b>	<b>\$ 1,919</b>	<b>4.39 %</b>

CRE Investor Portfolio Fixed Rate Reset/Maturity Schedule				
Calendar Period (loan data as of 3/31/25)	# Loans	Total O/S (\$000's omitted)	Avg O/S (\$000's omitted)	Avg Interest Rate
2025	29	\$ 23,092	\$ 796	6.13 %
2026	33	41,668	1,263	4.84 %
2027	90	162,557	1,806	5.03 %
2028	30	31,763	1,059	6.64 %
2029	4	2,353	588	7.03 %
2030+	13	7,967	613	6.49 %
<b>Fixed Rate</b>	<b>199</b>	<b>269,400</b>	<b>1,354</b>	<b>5.35 %</b>
<b>Floating Rate</b>	<b>5</b>	<b>19,074</b>	<b>3,815</b>	<b>8.73 %</b>
<b>Total CRE-Inv.</b>	<b>204</b>	<b>\$ 288,474</b>	<b>\$ 1,414</b>	<b>5.57 %</b>

**Rental breakdown of Multi-Family portfolio**

The table below segments our portfolio of loans secured by Multi-Family properties based on rental terms and location. As shown below, 63% of the combined portfolio is secured by properties subject to free market rental terms, which is the dominant tenant type. Both the Market Rent and Stabilized Rent segments of our portfolio present very similar average borrower profiles. The portfolio is primarily located in the New York City boroughs of Brooklyn, the Bronx and Queens.

Multi-Family Loan Portfolio - Loans by Rent Type							
Rent Type	# Notes	Outstanding	% of Total	Avg Loan Size	LTV	Current DSCR	Avg # of Units
		Loan Balance (\$000's omitted)	Multi-Family	(\$000's omitted)			
<b>Market</b>	<b>142</b>	<b>\$ 336,039</b>	<b>63 %</b>	<b>\$ 2,366</b>	<b>61.5 %</b>	<b>1.41</b>	<b>11</b>
<b>Location</b>							
Manhattan	7	\$ 10,299	2 %	\$ 1,471	49.6 %	1.88	14
Other NYC	93	\$ 244,552	46 %	\$ 2,630	61.2 %	1.40	9
Outside NYC	42	\$ 81,188	15 %	\$ 1,933	64.2 %	1.36	13
<b>Stabilized</b>	<b>104</b>	<b>\$ 199,613</b>	<b>37 %</b>	<b>\$ 1,919</b>	<b>62.1 %</b>	<b>1.42</b>	<b>12</b>
<b>Location</b>							
Manhattan	6	\$ 8,843	2 %	\$ 1,474	44.2 %	1.58	17
Other NYC	86	\$ 171,852	32 %	\$ 1,998	62.8 %	1.41	11
Outside NYC	12	\$ 18,918	3 %	\$ 1,576	64.1 %	1.49	16

**Office Property Exposure**

The Bank's exposure to the Office market is minor. Loans secured by office space accounted for 2.23% of the total loan portfolio with a total balance of \$43.8 million, of which less than 1% is located in Manhattan. The pool has a 2.32x weighted average DSCR, a 53% weighted average LTV and less than \$353,000 of exposure in Manhattan.

**Liquidity and Capital Resources** – Liquidity management is defined as the ability of the Company and the Bank to meet their financial obligations on a continuous basis without material loss or disruption of normal operations. These obligations include the withdrawal of deposits on demand or at their contractual maturity, the repayment of borrowings as they mature, funding new and existing loan commitments and the ability to take advantage of business opportunities as they arise. Asset liquidity is provided by short-term investments, such as fed funds sold, the marketability of securities available for sale and interest-bearing deposits due from the Federal Reserve Bank of New York, FHLB and correspondent banks, which totaled \$253.4 million and \$246.6 million at March 31, 2025 and December 31, 2024, respectively. These liquid assets may include assets that have been pledged primarily against municipal deposits or borrowings. Liquidity is also provided by the maintenance of a base of core deposits, cash and non-interest-bearing deposits due from banks, the ability to sell or pledge marketable assets and access to lines of credit. At March 31, 2025, undrawn liquidity sources, which include cash and unencumbered securities and secured and unsecured funding capacity, totaled \$679.0 million or approximately 322% of uninsured deposit balances.

Liquidity is continuously monitored, thereby allowing management to better understand and react to emerging balance sheet trends, including temporary mismatches with regard to sources and uses of funds. After assessing actual and projected cash flow needs, management seeks to obtain funding at the most economical cost. These funds can be obtained by converting liquid assets to cash or by attracting new deposits or other sources of funding. Many factors affect the Company's ability to meet liquidity needs, including variations in the markets served, loan demand, its asset/liability mix, its reputation and credit standing in its markets and general economic conditions. Borrowings and the scheduled amortization of investment securities and loans are more predictable funding sources. Deposit flows and securities prepayments are somewhat less predictable as they are often subject to external factors. Among these are changes in the local and national economies, competition from other financial institutions and changes in market interest rates.

The Company's primary sources of funds are cash provided by deposits, which may include brokered and listing service deposits, borrowings, proceeds from maturities and sales of securities and cash provided by operating activities. At March 31, 2025, total deposits were \$2.0 billion, of which \$505.3 million were time deposits scheduled to mature within the next 12 months. Based on historical experience, the Company expects to be able to replace a substantial portion of those maturing deposits with comparable deposit products. Insured and collateralized deposits, which include municipal deposits, accounted for approximately 89% of total deposits at March 31, 2025. At March 31, 2025 and December 31, 2024, the Company had \$107.8 million in borrowings outstanding.

The Liquidity and Wholesale Funding Policy of the Bank establishes specific policies and operating procedures governing liquidity levels to assist management in developing plans to address future and current liquidity needs. Management monitors the rates and cash flows from loan and investment portfolios while also examining the maturity structure and volatility characteristics of liabilities to develop an optimum asset/liability mix. Available funding sources include retail, commercial and municipal deposits, purchased liabilities and stockholders' equity. Daily, management receives a current cash position update to ensure that all obligations are satisfied. On a weekly basis, appropriate senior management receives a current liquidity position report and a ninety day forecasted cash flow to ensure that all short-term obligations will be met and there is sufficient liquidity available. At March 31, 2025, the Bank had a total borrowing capacity of \$698.0 million at the Federal Home Loan Bank of New York, of which \$504.3 million was used to collateralize municipal deposits and \$107.8 million was utilized for term advances. At March 31, 2025, the Bank had a \$239.9 million collateralized line of credit from the Federal Reserve Bank of New York's discount window with no outstanding borrowings. At March 31, 2025, the Bank had access to approximately \$92 million in unsecured lines of credit extended by correspondent banks, if needed, for short-term funding purposes. No borrowings were outstanding under lines of credit with correspondent banks at March 31, 2025.

Our sources of wholesale funding included brokered certificates of deposit, listing service certificates of deposit and insured cash sweep ("ICS") reciprocal deposits in excess of 20% of total liabilities, which balances totaled approximately \$108.3 million, \$2.4 million and \$20.4 million, or 5.6%, 0.1% and 1.1% of total deposits, respectively, at March 31, 2025. We utilized brokered certificates of deposit and listing service certificates of deposit as alternatives to other forms of wholesale funding, including borrowings, when interest rates and market conditions favor the use of such deposits. For a portion of our brokered certificates of deposit, we utilized interest rate swap contracts to effectively extend their duration and to fix their cost.

The Company strives to maintain an efficient level of capital, commensurate with its risk profile, on which a competitive rate of return to stockholders will be realized over the short and long terms. Capital is managed to enhance stockholder value while providing flexibility for management to act opportunistically in a changing marketplace. Management continually evaluates the Company's capital position in light of current and future growth objectives and regulatory guidelines. Total stockholders' equity was \$196.6 million at March 31, 2025 and December 31, 2024. Retained earnings increased by \$0.8 million due primarily to net income of \$1.5 million for the quarter ended March 31, 2025, which was offset by \$0.7 million of dividends declared. The accumulated other comprehensive loss at March 31, 2025 was 0.71% of total equity and was comprised of a \$0.9 million after tax net unrealized loss on the investment portfolio and a \$0.5 million after tax net unrealized loss on derivatives.

The Bank is subject to regulatory capital requirements. The Bank's tier 1 leverage, common equity tier 1 risk-based, tier 1 risk-based and total risk-based capital ratios were 8.95%, 13.37%, 13.37% and 14.62%, respectively, at March 31, 2025, exceeding all regulatory guidelines for a well-capitalized institution, the highest regulatory capital category. Moreover, capital rules also place limits on capital distributions and certain discretionary bonus payments if a banking organization does not maintain a buffer of common equity tier 1 capital above the minimum capital requirements. At March 31, 2025, the Bank's capital buffer was in excess of requirements.

On October 5, 2023, the Company announced that the Board of Directors approved a stock repurchase program. Under the repurchase program, the Company may repurchase up to 366,050 shares of its common stock, or approximately 5% of its then outstanding shares. The repurchase program permits shares to be repurchased in the open market as conditions allow, or in privately negotiated transactions, and pursuant to any trading plan that may be adopted in accordance with Rule 10b5-1 of the Securities and Exchange Commission. The Company has not made any stock repurchases under the

program. The remaining buyback authority under the share repurchase program therefore remained at 366,050 shares as of March 31, 2025.

The Company’s total stockholders’ equity to total assets ratio and tangible common equity to tangible assets ratio (“TCE ratio”) were 8.58% and 7.80%, respectively, at March 31, 2025, versus 8.50% and 7.73%, respectively, at December 31, 2024. The TCE ratio is a non-GAAP ratio. The ratio of total stockholders’ equity to total assets is the most comparable U.S. GAAP measure to this non-GAAP ratio. The ratio of tangible common equity to tangible assets, or TCE ratio, is calculated by dividing total stockholders’ equity by total assets, after reducing both amounts by intangible assets. The TCE ratio is not required by U.S. GAAP or by applicable bank regulatory requirements, but is a metric used by management to evaluate the adequacy of our capital levels. Since there is no authoritative requirement to calculate the TCE ratio, our TCE ratio is not necessarily comparable to similar capital measures disclosed or used by other companies in the financial services industry. Tangible common equity and tangible assets are non-GAAP financial measures and should be considered in addition to, not as a substitute for or superior to, financial measures determined in accordance with U.S. GAAP. Set forth below are the reconciliations of tangible common equity to U.S. GAAP total stockholders’ equity and tangible assets to U.S. GAAP total assets at March 31, 2025 (in thousands). (See also Non-GAAP Disclosure contained herein.)

				<b>Ratios</b>
Total stockholders' equity <sup>(3)</sup>	\$ 196,643	Total assets	\$ 2,291,527	8.58% <sup>(1)</sup>
Less: goodwill	(19,168)	Less: goodwill	(19,168)	
Less: core deposit intangible	(236)	Less: core deposit intangible	(236)	
<b>Tangible common equity <sup>(3)</sup></b>	<b><u>\$ 177,239</u></b>	<b>Tangible assets</b>	<b><u>\$ 2,272,123</u></b>	<b>7.80% <sup>(2)</sup></b>

- (1) The ratio of total stockholders’ equity to total assets is the most comparable GAAP measure to the non-GAAP tangible common equity ratio presented herein.
- (2) TCE ratio
- (3) Includes common stock and Series A preferred stock.

All dividends must conform to applicable statutory and regulatory requirements. The Company’s ability to pay dividends to stockholders depends on the Bank’s ability to pay dividends to the Company. Additionally, the ability of the Bank to pay dividends to the Company is subject to certain regulatory restrictions. Under New York law, a bank may pay a dividend on its common stock only out of net profits, and must obtain the approval of the Superintendent of the DFS if the total of all dividends declared by a bank or trust company in any calendar year exceeds the total of its net profits for that year combined with its retained net profits for the preceding two years, less any required transfer to surplus or a fund for the retirement of any preferred stock.

The Company’s Board of Directors approved the declaration of a \$0.10 per share cash dividend on both common and Series A preferred shares payable on May 14, 2025 to stockholders of record on May 7, 2025.

**Off-Balance Sheet Arrangements** - The Bank 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 include commitments to extend credit and letters of credit. Those instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the consolidated financial statements. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

Commitments to extend credit are agreements to lend to customers provided there are no violations of material conditions established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation of the customer. Collateral required varies, but may include accounts receivable, inventory, equipment, real estate and income-producing commercial properties. At March 31, 2025 and December 31, 2024, commitments to originate loans and commitments under unused lines of credit for which the Bank is obligated amounted to approximately \$140.5 million and \$130.3 million, respectively.

Letters of credit are conditional commitments guaranteeing payments of drafts in accordance with the terms of the letter of credit agreements. Commercial letters of credit are used primarily to facilitate trade or commerce and are also issued to support public and private borrowing arrangements, bond financings and similar transactions. Collateral may be required to support letters of credit based upon management's evaluation of the creditworthiness of each customer. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. At March 31, 2025 and December 31, 2024, letters of credit outstanding were approximately \$0.2 million and \$0.8 million, respectively.

**Results of Operations – Comparison of the Three Months Ended March 31, 2025 and 2024** – The Company recorded net income of \$1.5 million during the three months ended March 31, 2025, versus net income of \$4.1 million in the comparable 2024 quarter. The decrease in earnings for the three months ended March 31, 2025, versus the comparable 2024 quarter resulted from a \$5.2 million increase in non-interest expenses, including core system conversion expenses, increases in salaries and employee benefits and a \$0.3 million increase in provision for credit losses. These were partially offset by a \$1.7 million increase in net interest income, a \$0.2 million increase in non-interest income and a \$1.1 million decrease in income tax expense.

#### **Net Interest Income and Margin**

The \$1.7 million increase in net interest income for the three months ended March 31, 2025, versus the comparable 2024 quarter was due to improvement of the Company's net interest margin to 2.68% in the 2025 quarter from 2.41% in the comparable 2024 quarter. The yield on interest earning assets decreased to 6.01% in the 2025 quarter from 6.03% in the comparable 2024 quarter, a decrease of 2 basis points that was partially offset by a 32 basis point decrease in the cost of interest-bearing liabilities to 4.01% in 2025 from 4.33% in the first quarter of 2024. The increase in the net interest margin was a result of the late 2024 reductions in the Fed Funds effective rate and the liability sensitive nature of the Bank's balance sheet.

The following table, “Net Interest Income Analysis”, presents for the three months ended March 31, 2025 and 2024, the Company’s average assets, liabilities and stockholders’ equity. The Company’s net interest income, net interest spread and net interest margin are also reflected.

**NET INTEREST INCOME ANALYSIS**  
**For the Three Months Ended March 31, 2025 and 2024**  
(dollars in thousands)

	2025			2024		
	Average Balance	Interest	Average Yield/Cost <sup>(1)</sup>	Average Balance	Interest	Average Yield/Cost <sup>(1)</sup>
<b>Assets:</b>						
<b>Interest-earning assets</b>						
Loans <sup>(2)</sup>	\$ 1,989,796	\$ 29,984	6.11 %	\$ 1,984,075	\$ 29,737	6.03 %
Investment securities	85,839	1,186	5.60 %	94,845	1,457	6.18 %
Interest-earning cash	133,458	1,482	4.50 %	74,672	1,014	5.46 %
FHLB stock and other investments	8,014	185	9.36 %	9,243	224	9.75 %
Total interest-earning assets	<u>2,217,107</u>	<u>32,837</u>	<u>6.01 %</u>	<u>2,162,835</u>	<u>32,432</u>	<u>6.03 %</u>
Non interest-earning assets:						
Cash and due from banks	9,504			7,945		
Other assets	49,695			49,941		
Total assets	<u>\$ 2,276,306</u>			<u>\$ 2,220,721</u>		
<b>Liabilities and stockholders' equity:</b>						
<b>Interest-bearing liabilities</b>						
Savings, NOW and money market deposits	\$ 1,217,429	\$ 11,455	3.82 %	\$ 1,161,191	\$ 12,933	4.48 %
Time deposits	490,979	5,320	4.39 %	486,779	4,962	4.10 %
Total interest-bearing deposits	<u>1,708,408</u>	<u>16,775</u>	<u>3.98 %</u>	<u>1,647,970</u>	<u>17,895</u>	<u>4.37 %</u>
Borrowings	108,972	1,107	4.12 %	137,788	1,276	3.72 %
Subordinated debentures	24,693	326	5.35 %	24,639	326	5.32 %
Total interest-bearing liabilities	<u>1,842,073</u>	<u>18,208</u>	<u>4.01 %</u>	<u>1,810,397</u>	<u>19,497</u>	<u>4.33 %</u>
Demand deposits	211,028			194,672		
Other liabilities	24,726			27,959		
Total liabilities	<u>2,077,827</u>			<u>2,033,028</u>		
Stockholders' equity	198,479			187,693		
Total liabilities and stockholders' equity	<u>\$ 2,276,306</u>			<u>\$ 2,220,721</u>		
Net interest rate spread <sup>(3)</sup>			<u>2.00 %</u>			<u>1.70 %</u>
Net interest income/margin <sup>(4)</sup>		<u>\$ 14,629</u>	<u>2.68 %</u>		<u>\$ 12,935</u>	<u>2.41 %</u>

(1) Annualized.

(2) Includes non-accrual loans.

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

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

**Provision and Allowance for Credit losses on Loans**

The Company recorded a \$0.6 million provision for credit losses expense on loans for the three months ended March 31, 2025, versus \$0.3 million recorded for the comparable period in 2024. The March 31, 2025 allowance for credit losses was \$22.9 million versus \$22.8 million at December 31, 2024. The allowance for credit losses as a percentage of total loans was 1.17% at March 31, 2025 and 1.15% at December 31, 2024. (See also Critical Accounting Policies, Judgments and Estimates and Asset Quality contained herein.)

**Reserve for Unfunded Commitments**

The Company maintains a reserve, recorded in other liabilities, associated with unfunded loan commitments accepted by borrowers. The amount of the reserve was \$0.3 million at March 31, 2025 and December 31, 2024. This reserve is determined based upon the outstanding volume of loan commitments at the end of each period. Any increases or reductions in this reserve are recognized in the provision for credit losses.

**Non-interest Income**

Non-interest income increased by \$0.2 million for the three months ended March 31, 2025 versus the comparable 2024 period. The increase in non-interest income is primarily related to the increases in loan servicing and fee income and other income which were partially offset by a decrease in the net gain on sale of loans held for sale.

**Non-Interest Income  
For the three months ended March 31, 2025 and 2024**

<i>(in thousands)</i>	Three months ended March 31,	
	2025	2024
Loan servicing and fee income	\$ 1,081	\$ 913
Service charges on deposit accounts	117	96
Net gain on sale of loans held for sale	2,352	2,506
Other income	182	61
<b>Total non-interest income</b>	<b>\$ 3,732</b>	<b>\$ 3,576</b>

**Non-interest Expense**

Total non-interest expense increased by \$5.2 million for the three months ended March 31, 2025 versus the comparable 2024 quarter. The increase in non-interest expense was primarily related to core system conversion expenses as well as increases in salaries and employee benefits. The increase in salaries and employee benefits expense in the first quarter of 2025 versus the comparable 2024 quarter was primarily related to lower deferred loan origination costs partially offset by lower incentive compensation expense resulting from reduced lending activity.

**Non-Interest Expense  
For the three months ended March 31, 2025 and 2024**

<i>(in thousands)</i>	Three months ended March 31,	
	2025	2024
Salaries and employee benefits	\$ 7,232	\$ 5,562
Conversion expenses	3,180	—
Occupancy and equipment	1,836	1,770
Data processing	593	518
Professional fees	787	818
Federal deposit insurance premiums	337	318
Other expenses	2,031	1,818
<b>Total non-interest expense</b>	<b>\$ 15,996</b>	<b>\$ 10,804</b>

The Company recorded income tax expense of \$0.2 million for an effective tax rate of 13.8% for the three months ended March 31, 2025, versus income tax expense of \$1.3 million for an effective tax rate of 24.9% in the comparable 2024 period. The decrease in the effective tax rate was due to the tax impact of the tax benefit from stock options that were exercised and the vesting of restricted stock. We expect a normalized run rate of 25.0% for the remainder of the year.

**Asset Quality** - Total non-accrual loans at March 31, 2025 were \$11.7 million, or 0.60% of total loans, compared to \$16.4 million, or 0.82% of total loans at December 31, 2024. The decrease resulted primarily from the sale of non-performing loans totaling \$5.0 million, net of a \$0.3 million charge-off, during the quarter ended March 31, 2025. The allowance for credit losses as a percentage of total non-accrual loans amounted to 196%, 139% and 134% at March 31, 2025, December 31, 2024 and March 31, 2024, respectively.

Total loans having credit risk ratings of Special Mention and Substandard were \$43.9 million at March 31, 2025, versus \$40.8 million at December 31, 2024. The Company's Special Mention and Substandard loans were comprised of residential real estate, multi-family, commercial real estate loans, commercial and industrial loans (including SBA facilities) and construction and land development loans at March 31, 2025. The Company had no loans with a credit risk rating of Doubtful for the periods presented. All loans not having credit risk ratings of Special Mention, Substandard or Doubtful are considered pass loans.

At March 31, 2025, the Company's allowance for credit losses amounted to \$22.9 million or 1.17% of period-end total loans outstanding. The allowance as a percentage of loans outstanding was 1.15% at December 31, 2024 and 0.99% at March 31, 2024. The Company recorded net loan charge-offs of \$0.5 million during the three months ended March 31, 2025 versus net loan charge-offs of \$0.1 million during the three months ended March 31, 2024.

The Company recorded a \$0.6 million provision for credit losses expense on loans for the three months ended March 31, 2025, versus \$0.3 million recorded for the comparable period in 2024. Additional information regarding the ACL and the associated provisions recognized during the quarters ended March 31, 2025 and 2024 is presented in Note 4 to the unaudited consolidated financial statements. (See also Critical Accounting Policies, Judgments and Estimates contained herein).

**ASSET QUALITY**  
**March 31, 2025 versus December 31, 2024 and March 31, 2024**  
(dollars in thousands)

	As of or for the three months ended		
	3/31/2025	12/31/2024	3/31/2024
Non-accrual loans	\$ 11,697	\$ 16,368	\$ 14,878
Non-accrual loans held for sale	—	—	—
Loans greater than 90 days past due and accruing	—	—	3,010
Other real estate owned	—	—	—
<b>Total non-performing assets <sup>(1)</sup></b>	<u>\$ 11,697</u>	<u>\$ 16,368</u>	<u>\$ 17,888</u>
Loans held for sale	\$ 16,306	\$ 12,404	\$ 7,641
Loans held for investment	1,960,674	1,985,524	2,005,515
<b>Allowance for credit losses:</b>			
Beginning balance	\$ 22,779	\$ 23,406	\$ 19,658
Provision	600	400	300
Charge-offs	(471)	(1,033)	(90)
Recoveries	17	6	5
<b>Ending balance</b>	<u>\$ 22,925</u>	<u>\$ 22,779</u>	<u>\$ 19,873</u>
Allowance for credit losses as a % of total loans <sup>(2)</sup>	1.17 %	1.15 %	0.99 %
Allowance for credit losses as a % of non-accrual loans <sup>(2)</sup>	196 %	139 %	134 %
Non-accrual loans as a % of total loans <sup>(2)</sup>	0.60 %	0.82 %	0.74 %
Non-performing assets as a % of total loans, loans held for sale and other real estate owned	0.59 %	0.82 %	0.89 %
Non-performing assets as a % of total assets	0.51 %	0.71 %	0.78 %
Non-performing assets to total loans held for sale and investment	0.59 %	0.82 %	0.89 %

(1) Non-performing assets defined as non-accrual loans, non-accrual loans held for sale, loans greater than 90 days past due and accruing and other real estate owned.

(2) Excludes loans held for sale.

**ITEM 3. - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

The Company originates and invests in interest-earning assets and solicits interest-bearing deposit accounts. The Company’s operations are subject to market risk resulting from fluctuations in interest rates to the extent that there is a difference between the amounts of interest-earning assets and interest-bearing liabilities that are prepaid, withdrawn, matured or repriced in any given period of time. The Company’s earnings or the net value of its portfolio will change under different interest rate scenarios. The principal objective of the Company’s asset/liability management program is to maximize net interest income within an acceptable range of overall risk, including both the effect of changes in interest rates and liquidity risk.

The Company utilizes a number of strategies to manage interest rate risk including, but not limited to: (i) balancing the types and structures of interest-earning assets and interest-bearing liabilities by diversifying mix, coupons, maturities and/or repricing characteristics, (ii) reducing the overall interest rate sensitivity of liabilities by emphasizing core and/or longer-term deposits; utilizing FHLB advances and wholesale deposits for our interest rate risk profile, and (iii) entering into interest rate swap agreements.

The following presents the Company’s economic value of equity (“EVE”) and net interest income (“NII”) sensitivities at March 31, 2025 (dollars in thousands). The results are within the Company’s policy limits.

At March 31, 2025							
Interest Rates (basis points)	Estimated EVE	Estimated Change in EVE		Interest Rates (basis points)	Estimated NII <sup>(1)</sup>	Estimated Change in NII <sup>(1)</sup>	
		Amount	%			Amount	%
+200	\$ 164,290	\$ (30,958)	(15.9)	+200	\$ 53,593	\$ (6,155)	(10.3)
+100	179,706	(15,542)	(8.0)	+100	56,765	(2,983)	(5.0)
0	195,248			0	59,748		
-100	209,528	14,280	7.3	-100	63,003	3,255	5.4
-200	236,308	41,060	21.0	-200	65,974	6,226	10.4
-300	258,482	63,234	32.4	-300	68,571	8,823	14.8

(1) Assumes 12 month time horizon.

Certain model limitations are inherent in the methodology used in the EVE and net interest income measurements. The models require the making of certain assumptions which may tend to oversimplify the way actual yields and costs respond to changes in market interest rates. The models assume that the composition of the Company’s interest sensitive assets and liabilities existing at the beginning of a period remain constant over the period being measured, thus they do not consider the Company’s strategic plans, or any other steps it may take to respond to changes in rates over the forecasted period of time. Additionally, the models assume immediate changes in interest rates, based on yield curves as of a point-in-time, which are reflected in a parallel, instantaneous and uniform manner across all yield curves, when in reality changes may rarely be of this nature. The models also utilize data derived from historical performance and as interest rates change the actual performance of loan prepayments, rate sensitivities, and average life assumptions may deviate from assumptions utilized in the models and can impact the results. Accordingly, although the above measurements provide an indication of the Company’s interest rate risk exposure at a particular point in time, such measurements are not intended to provide a precise forecast of the effect of changes in market interest rates. Given the speed with which interest rates may change, the projections noted above on the Company’s EVE and net interest income can be expected to differ from actual results.

#### **ITEM 4. – CONTROLS AND PROCEDURES**

*Disclosure controls and procedures.* The Company carried out an evaluation, under the supervision and with the participation of its principal executive officer and principal financial officer, of the effectiveness of the design and operation of its disclosure controls and procedures as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based on this evaluation, the Company's principal executive officer and principal financial officer concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures are effective in timely alerting them to material information required to be included in the Company's periodic reports filed with the Securities and Exchange Commission.

*Changes in internal controls over financial reporting.* There have been no changes in the Company's internal controls over financial reporting that occurred during the Company's last fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

### **PART II**

#### **ITEM 1. - LEGAL PROCEEDINGS**

The Company is not subject to any legal proceedings, which if determined adversely to the Company could have a materially adverse impact on its results of operations and financial condition.

#### **ITEM 1A. – RISK FACTORS**

There have been no material changes to the risks disclosed in the "Risk Factors" section of the Company's Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the Securities and Exchange Commission.

#### **ITEM 2. – UNREGISTERED SALES OF EQUITY SECURITIES, USE OF PROCEEDS AND ISSUER PURCHASES OF EQUITY SECURITIES**

##### **(c) Issuer Purchases of Equity Securities**

On October 5, 2023, the Company announced that the Board of Directors approved a stock repurchase program. Under the repurchase program, the Company may repurchase up to 366,050 shares of its common stock, or approximately 5% of its then outstanding shares. The repurchase program permits shares to be repurchased in the open market as conditions allow, or in privately negotiated transactions, and pursuant to any trading plan that may be adopted in accordance with Rule 10b5-1 of the Securities and Exchange Commission. The Company has not made any stock repurchases under the program. The remaining buyback authority under the share repurchase program therefore remained at 366,050 shares as of March 31, 2025.

#### **ITEM 3. – DEFAULTS UPON SENIOR SECURITIES**

Not applicable.

#### **ITEM 4. – MINE SAFETY DISCLOSURES**

Not applicable.

#### **ITEM 5. – OTHER INFORMATION**

Not applicable.

**ITEM 6. – EXHIBITS**

- 31.1 [Certification of principal executive officer pursuant to Rule 13a-14\(a\) or 15d-14\(a\) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)
- 31.2 [Certification of principal financial officer pursuant to Rule 13a-14\(a\) or 15d-14\(a\) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)
- 32.1 [Certification of principal executive officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)
- 32.2 [Certification of principal financial officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)
- 101.INS Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
- 101.SCH Inline XBRL Taxonomy Extension Schema Document
- 101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document
- 101.LAB Inline XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document
- 101.DEF Inline XBRL Taxonomy Extension Definition Linkbase Document
- 104 Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

**SIGNATURES**

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

HANOVER BANCORP, INC.

Dated: May 9, 2025

/s/ Michael P. Puorro

Michael P. Puorro

Chairman & Chief Executive Officer

(principal executive officer)

Dated: May 9, 2025

/s/ Lance P. Burke

Lance P. Burke

Executive Vice President & Chief Financial Officer

(principal financial and accounting officer)

**CERTIFICATION PURSUANT TO RULE 13A-14(A) OR 15D-14(A) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael P. Puorro, certify that:

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

Dated: May 9, 2025

/s/ Michael P. Puorro

Michael P. Puorro

Chairman & Chief Executive Officer

(principal executive officer)

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**CERTIFICATION PURSUANT TO RULE 13A-14(A) OR 15D-14(A) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lance P. Burke, certify that:

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

Dated: May 9, 2025

/s/ Lance P. Burke

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Lance P. Burke

Executive Vice President & Chief Financial Officer  
(principal financial and accounting officer)

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

I, Michael P. Puorro, Chairman & Chief Executive Officer of Hanover Bancorp, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that: (1) the Quarterly Report on Form 10-Q of the Company for the period ended March 31, 2025 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 9, 2025

/s/ Michael P. Puorro

Michael P. Puorro

Chairman & Chief Executive Officer

(principal executive officer)

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

I, Lance P. Burke, Executive Vice President & Chief Financial Officer of Hanover Bancorp, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that: (1) the Quarterly Report on Form 10-Q of the Company for the period ended March 31, 2025 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 9, 2025

/s/ Lance P. Burke

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Lance P. Burke

Executive Vice President & Chief Financial Officer  
(principal financial and accounting officer)

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