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, 2026

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)

Maryland	**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 ☐	Accelerated filer ☒
Non-accelerated filer ☐	Smaller reporting company ☒
	Emerging growth company ☒

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

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

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

Common Stock, $0.01 par value	7,156,661 Shares
(Title of Class)	(Outstanding as of April 30, 2026)

HANOVER BANCORP, INC.
Form 10-Q

Table of Contents

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)

	March 31, 2026 (unaudited)	December 31, 2025
ASSETS		
Cash and non-interest-bearing deposits due from banks	$ 14,845	$ 95,791
Interest-bearing deposits due from banks	179,603	113,113
Total cash and cash equivalents	194,448	208,904
Securities held to maturity, fair value of $919 at March 31, 2026 and $976 at December 31, 2025 (net of allowance for credit losses of $0 at March 31, 2026 and December 31, 2025)	963	1,017
Securities available for sale, at fair value (net of allowance for credit losses of $0 at March 31, 2026 and December 31, 2025)	105,799	99,552
Loans held for sale	16,296	6,407
Loans	1,992,694	2,000,749
Allowance for credit losses	(19,149)	(18,694)
Loans, net	1,973,545	1,982,055
Premises and equipment, net	14,049	14,313
Operating lease assets	8,072	9,855
Accrued interest receivable	11,520	11,780
Prepaid post retirement plan	3,214	3,247
Stock in Federal Home Loan Bank ("FHLB"), at cost	5,895	7,792
Goodwill	19,168	19,168
Loan servicing rights	6,194	6,320
Other assets	11,786	12,686
TOTAL ASSETS	$ 2,370,949	$ 2,383,096
LIABILITIES AND STOCKHOLDERS’ EQUITY		
Deposits:		
Non-interest-bearing demand	$ 237,346	$ 247,786
Savings, NOW and money market	1,267,579	1,270,705
Time	517,421	509,896
Total deposits	2,022,346	2,028,387
Borrowings	59,780	100,725
Subordinated debentures, $60,000 and $25,000 face amount at March 31, 2026 and December 31, 2025, respectively (less unamortized debt issuance costs of $979 and $257 at March 31, 2026 and December 31, 2025)	59,021	24,743
Operating lease liabilities	8,797	10,567
Accrued interest payable	1,681	1,741
Other liabilities	17,883	16,667
TOTAL LIABILITIES	2,169,508	2,182,830
COMMITMENTS AND CONTINGENT LIABILITIES	—	—
STOCKHOLDERS' EQUITY		
Preferred stock, Series A (par value $0.01; 15,000,000 shares authorized; issued and outstanding 275,000 at March 31, 2026 and December 31, 2025, respectively)	5,041	5,041
Common stock (par value $0.01; 17,000,000 shares authorized; issued and outstanding 7,156,661 and 7,135,403 at March 31, 2026 and December 31, 2025, respectively)	72	71
Surplus	123,465	123,433
Retained earnings	73,527	72,401
Accumulated other comprehensive loss, net of tax	(664)	(680)
TOTAL STOCKHOLDERS' EQUITY	201,441	200,266
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 2,370,949	$ 2,383,096

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)

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
INTEREST INCOME		
Loans	$ 29,618	$ 29,984
Taxable securities	1,371	1,186
Other interest income	1,303	1,667
Total interest income	32,292	32,837
INTEREST EXPENSE		
Savings, NOW and money market deposits	9,552	11,455
Time deposits	4,730	5,320
Borrowings	1,648	1,433
Total interest expense	15,930	18,208
Net interest income	16,362	14,629
Provision for credit losses	530	600
Net interest income after provision for credit losses	15,832	14,029
NON-INTEREST INCOME		
Loan servicing and fee income	1,042	1,081
Service charges on deposit accounts	250	117
Gain on sale of loans held-for-sale	1,443	2,352
Other income	9	182
Total non-interest income	2,744	3,732
NON-INTEREST EXPENSE		
Salaries and employee benefits	10,127	7,232
Conversion expenses	—	3,180
Occupancy and equipment	2,068	1,836
Data processing	422	593
Professional fees	906	787
Federal deposit insurance premiums	362	337
Other expenses	1,721	2,031
Total non-interest expense	15,606	15,996
Income before income tax expense	2,970	1,765
Income tax expense	1,096	244
NET INCOME	$ 1,874	$ 1,521
Earnings per share:		
BASIC	$ 0.25	$ 0.20
DILUTED	$ 0.25	$ 0.20

See accompanying notes to unaudited consolidated financial statements.

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

	Three Months Ended March 31,	
	2026	2025
Net income	$ 1,874	$ 1,521
Other comprehensive income (loss), net of tax:		
Unrealized gains (losses) on investment securities available for sale:		
Change in unrealized gain (loss) on securities available for sale arising during the period, net of tax of ($64) and $49, respectively	(225)	176
Unrealized gains (losses) on cash flow hedges:		
Change in unrealized gain (loss) on cash flow hedges arising during the period, net of tax of $69 and ($68), respectively	241	(238)
Total other comprehensive income (loss), net of tax	16	(62)
Total comprehensive income, net of tax	$ 1,890	$ 1,459

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, 2026						
	Common Stock (Shares)	Preferred Stock	Common Stock	Surplus	Retained Earnings	Accumulated Other Comprehensive Loss, Net	Total Stockholders' Equity
Balance at January 1, 2026	7,135,403	$ 5,041	$ 71	$ 123,433	$ 72,401	$ (680)	$ 200,266
Net income	—	—	—	—	1,874	—	1,874
Other comprehensive income, net of tax	—	—	—	—	—	16	16
Cash dividends declared ($0.10 per share)	—	—	—	—	(748)	—	(748)
Stock-based compensation	—	—	—	358	—	—	358
Stock awards granted, net of forfeitures	36,129	—	1	(1)	—	—	—
Shares received related to tax withholding	(14,871)	—	—	(325)	—	—	(325)
Balance at March 31, 2026	7,156,661	$ 5,041	$ 72	$ 123,465	$ 73,527	$ (664)	$ 201,441

	For the Three Months Ended March 31, 2025						
	Common Stock (Shares)	Preferred Stock	Common Stock	Surplus	Retained Earnings	Accumulated Other Comprehensive Loss, Net	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 loss, net of tax	—	—	—	—	—	(62)	(62)
Cash dividends declared ($0.10 per share)	—	—	—	—	(759)	—	(759)
Stock-based compensation	—	—	—	494	—	—	494
Stock awards granted, net of forfeitures	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	7,228,731	$ 5,041	$ 72	$ 124,242	$ 68,684	$ (1,396)	$ 196,643

See accompanying notes to unaudited consolidated financial statements.

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

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
Cash flows from operating activities:		
Net income	$ 1,874	$ 1,521
Adjustments to reconcile net income to net cash from operating activities:		
Provision for credit losses	530	600
Depreciation and amortization	509	494
Amortization of right-of-use assets	1,783	442
Stock-based compensation	358	494
Net gain on sale of loans held-for-sale	(1,443)	(2,352)
Net amortization of premiums, discounts and loan fees and costs	587	430
Amortization of intangible assets	12	14
Amortization of debt issuance costs	17	13
Loan servicing rights valuation adjustments	227	299
Payments on operating leases	(1,770)	(470)
Origination of loans held for sale	(39,470)	(21,157)
Proceeds from loans held for sale	31,825	17,328
Decrease (increase) in accrued interest receivable	260	(177)
Decrease in other assets	1,064	5,690
(Decrease) increase in accrued interest payable	(60)	333
Increase (decrease) in other liabilities	1,184	(3,218)
Net cash provided from operating activities	(2,513)	284
Cash flows from investing activities:		
Purchases of securities available-for-sale	(18,729)	(83,117)
Redemptions (purchases) of restricted securities, net	1,897	(12)
Principal repayments of securities held to maturity	54	86
Maturities, prepayments and calls of securities available-for-sale	12,163	74,034
Proceeds from loans held for sale previously classified as portfolio loans	5,484	30,608
Net decrease (increase) in loans	1,168	(4,497)
Additions to premises and equipment	(184)	(228)
Net cash from investing activities	1,853	16,874
Cash flows from financing activities:		
Net decrease in deposits	(6,041)	(17,843)
Proceeds from term FHLB advances	59,780	—
Repayments of term FHLB advances	(100,725)	—
Proceeds from issuance of subordinated debentures, net of issuance costs	34,261	—
Payments related to tax withholding for equity awards	(325)	(721)
Cash dividends paid	(746)	(749)
Proceeds from exercise of stock options, net	—	(468)
Net cash from financing activities	(13,796)	(19,781)
Net change in cash and cash equivalents	(14,456)	(2,623)
Cash and cash equivalents, beginning of period	208,904	162,857
Cash and cash equivalents, end of period	$ 194,448	$ 160,234
Supplemental cash flow information:		
Interest paid	$ 15,990	$ 17,875
Income taxes paid	180	181
Supplemental non-cash disclosure:		
Transfers from portfolio loans to loans held-for-sale	$ 6,285	$ 28,329
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., a Maryland corporation (the “Company”), is the holding company for Hanover Community Bank (the “Bank”). On June 25, 2025, the Company completed its reincorporation from New York to Maryland (the “Reincorporation”). The Reincorporation was approved by the Company’s shareholders at the annual shareholder meeting held on March 5, 2024, by the Federal Reserve Bank of New York on July 5, 2024, and the New York State Department of Financial Services (the “DFS”) on November 20, 2024. Accordingly, the Company is incorporated in the State of Maryland.

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 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”).

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, 2026, its consolidated statements of income for the three months ended March 31, 2026 and 2025, its consolidated statements of comprehensive income for the three months ended March 31, 2026 and 2025, its consolidated statements of changes in stockholders’ equity for the three months ended March 31, 2026 and 2025 and its consolidated statements of cash flows for the three months ended March 31, 2026 and 2025. Certain prior period amounts have been reclassified to conform to the current period presentation. These reclassifications had an immaterial effect on the Company’s consolidated financial statements and had no effect on prior period net income or stockholders’ equity.

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, 2026 are not necessarily indicative of results for any other interim period or of the results for the full fiscal year 2026. 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, 2025. There have been no material changes to the Company’s significant accounting policies since December 31, 2025.

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.

Salaries and employee benefits for the three months ended March 31, 2026 includes a severance payment related to a Board approved Transition Agreement dated February 12, 2026 between the Company and the former President of the Company and the Bank, McClelland Wilcox. In connection with a management restructuring initiative, Mr. Wilcox’s last day of employment was March 31, 2026 and pursuant to the terms of his Employment Agreement, he was entitled to a severance benefit of approximately $2.15 million.

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, 2026 and 2025 are as follows. There were no stock options that were antidilutive for the three months ended March 31, 2026 and 2025.

(in thousands, except share and per share data)	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
Net income available to common stockholders	$ 1,874	$ 1,521
Less: Dividends paid and earnings allocated to participating securities	(49)	(45)
Income attributable to common stock	$ 1,825	$ 1,476
Weighted average common shares outstanding, including participating securities	7,434,107	7,463,537
Less: Weighted average participating securities	(204,516)	(239,929)
Weighted average common shares outstanding	7,229,591	7,223,608
Basic EPS	$ 0.25	$ 0.20
Income attributable to common stock	$ 1,825	$ 1,476
Weighted average common shares outstanding	7,229,591	7,223,608
Weighted average common equivalent shares outstanding	4,897	5,952
Weighted average common and equivalent shares outstanding	7,234,488	7,229,560
Diluted EPS	$ 0.25	$ 0.20

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, 2026 and December 31, 2025 and the corresponding amounts of gross unrealized gains and losses recognized in accumulated other comprehensive loss and gross unrecognized gains and losses:

	March 31, 2026				
(in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
Available for sale:					
U.S. GSE residential mortgage-backed securities	$ 24,410	$ 58	$ (315)	$ —	$ 24,153
U.S. GSE residential collateralized mortgage obligations	12,295	52	(28)	—	12,319
U.S. GSE commercial mortgage-backed securities	2,581	—	(72)	—	2,509
Collateralized loan obligations	31,752	14	(175)	—	31,591
Corporate bonds	35,330	340	(443)	—	35,227
Total available for sale securities	$ 106,368	$ 464	$ (1,033)	$ —	$ 105,799

	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value	Allowance for Credit Losses
Held to maturity:					
U.S. GSE residential mortgage-backed securities	$ 963	$ —	$ (44)	$ 919	$ —

(in thousands)	December 31, 2025 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
Available for sale:					
U.S. Treasury securities	$ 4,495	$ —	$ —	$ —	$ 4,495
U.S. GSE residential mortgage-backed securities	18,055	193	(105)	—	18,143
U.S. GSE residential collateralized mortgage obligations	11,691	69	(3)	—	11,757
U.S. GSE commercial mortgage-backed securities	2,583	—	(51)	—	2,532
Collateralized loan obligations	32,758	30	(124)	—	32,664
Corporate bonds	30,250	294	(583)	—	29,961
Total available for sale securities	$ 99,832	$ 586	$ (866)	$ —	$ 99,552

	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value	Allowance for Credit Losses
Held to maturity:					
U.S. GSE residential mortgage-backed securities	$ 1,017	$ —	$ (41)	$ 976	$ —

The amortized cost and fair value of investment securities at March 31, 2026, 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.

(in thousands)	March 31, 2026 Amortized Cost	Fair Value
Securities available for sale:		
Due in one year or less	$ 1,000	$ 1,018
Due after one year through five years	2,500	2,478
Five to ten years	31,830	31,731
Beyond ten years	31,752	31,591
U.S. GSE residential mortgage-backed securities	24,410	24,153
U.S. GSE residential collateralized mortgage obligations	12,295	12,319
U.S. GSE commercial mortgage-backed securities	2,581	2,509
Total securities available for sale	106,368	105,799
Securities held to maturity:		
U.S. GSE residential mortgage-backed securities	963	919
Total investment securities	$ 107,331	$ 106,718

At March 31, 2026 and December 31, 2025, investment securities with a carrying amount of $36.5 million and $34.0 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, 2026 and 2025.

There were no holdings of securities of any one issuer in an amount greater than 10% of stockholders' equity other than securities issued by the U.S. government and its agencies at March 31, 2026 and December 31, 2025.

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, 2026 and December 31, 2025, aggregated by major security type and length of time in a continuous unrealized loss position:

	March 31, 2026						
	Less than Twelve Months		Twelve Months or Longer		Total		
(in thousands, except number of securities)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Number of Securities	Fair Value	Gross Unrealized Losses
Available-for-sale:							
U.S. GSE residential mortgage-backed securities	$ 15,965	$ (215)	$ 1,093	$ (100)	13	$ 17,058	$ (315)
U.S. GSE residential collateralized mortgage obligations	1,950	(25)	18	(3)	2	1,968	(28)
U.S. GSE commercial mortgage-backed securities	2,509	(72)	—	—	1	2,509	(72)
Collateralized loan obligations	27,589	(175)	—	—	6	27,589	(175)
Corporate bonds	6,529	(31)	11,088	(412)	12	17,617	(443)
Total available-for-sale	$ 54,542	$ (518)	$ 12,199	$ (515)	34	$ 66,741	$ (1,033)

	December 31, 2025						
	Less than Twelve Months		Twelve Months or Longer		Total		
(in thousands, except number of securities)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Number of Securities	Fair Value	Gross Unrealized Losses
Available-for-sale:							
U.S. GSE residential mortgage-backed securities	$ 4,562	$ (10)	$ 2,719	$ (95)	7	$ 7,281	$ (105)
U.S. GSE residential collateralized mortgage obligations	—	—	19	(3)	1	19	(3)
U.S. GSE commercial mortgage-backed securities	2,532	(51)	—	—	1	2,532	(51)
Collateralized loan obligations	23,654	(124)	—	—	5	23,654	(124)
Corporate bonds	1,987	(14)	10,931	(569)	8	12,918	(583)
Total available-for-sale	$ 32,735	$ (199)	$ 13,669	$ (667)	22	$ 46,404	$ (866)

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, 2026 and December 31, 2025.

Obligations of U.S. Government agencies and sponsored entities

The mortgage-backed securities and collateralized mortgage obligations 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 collateralized mortgage obligations and it is likely that it will not be required to sell the securities before their anticipated recovery. These securities continue to accrue interest and make payments as expected with no defaults or deferrals on the part of the issuers. The Company did not record expected credit loss on these securities at March 31, 2026 and December 31, 2025.

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, 2026 and December 31, 2025.

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, 2026 and December 31, 2025.

4. LOANS

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

(in thousands)	**March 31, 2026**	**December 31, 2025**
Residential real estate	$ 764,131	$ 776,995
Multifamily	550,739	541,083
Commercial real estate	517,983	525,569
Commercial and industrial	147,929	145,591
Construction and land development	11,496	11,081
Consumer	416	430
Total loans	1,992,694	2,000,749
Allowance for credit losses	(19,149)	(18,694)
Total loans, net	$ 1,973,545	$ 1,982,055

At March 31, 2026 and December 31, 2025, the Company was servicing approximately $370.1 million and $375.6 million, respectively, of loans for others. The Company had $1.3 million and $0 of SBA loans held for sale at March 31, 2026 and December 31, 2025, respectively. The Company had $15.0 million and $6.4 million of residential real estate loans held for sale at March 31, 2026 and December 31, 2025, respectively.

For the three months ended March 31, 2026 and 2025, the Company sold loans totaling approximately $41.5 million and $46.6 million, respectively, recognizing net gains of $1.4 million and $2.4 million, respectively.

The following tables summarize the activity in the allowance for credit losses by portfolio segment for the three months ended March 31, 2026 and 2025:

	Three Months Ended March 31, 2026						
(in thousands)	Residential Real Estate Loans	Multifamily Loans	Commercial Real Estate Loans	Commercial and Industrial Loans	Construction and Land Development Loans	Consumer Loans	Total
Allowance for credit losses:							
Beginning balance	$ 5,035	$ 3,387	$ 5,123	$ 4,912	$ 215	$ 22	$ 18,694
Charge-offs	—	—	(22)	(36)	—	—	(58)
Recoveries	—	—	3	10	—	—	13
Provision for credit losses [(1)]	(19)	506	(255)	263	6	(1)	500
Ending balance	$ 5,016	$ 3,893	$ 4,849	$ 5,149	$ 221	$ 21	$ 19,149

(1) Additional provision related to off-balance sheet exposure was a debit of $30 thousand for the three months ended March 31, 2026.

	Three Months Ended March 31, 2025						
(in thousands)	Residential Real Estate Loans	Multifamily Loans	Commercial Real Estate Loans	Commercial and Industrial Loans	Construction and Land Development Loans	Consumer Loans	Total
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	$ 6,551	$ 4,999	$ 5,379	$ 5,860	$ 113	$ 23	$ 22,925

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 the provision for credit losses on the Company's income statement. The following table presents the allowance for credit losses for unfunded commitments for the three months ended March 31, 2026 and 2025:

	Three Months Ended March 31,	
(in thousands)	2026	2025
Balance at beginning of period	$ 626	$ 314
Provision for credit losses	30	—
Balance at end of period	$ 656	$ 314

The table below presents the provision for credit losses on loans and unfunded commitments for the three months ended March 31, 2026 and 2025:

	Three Months Ended March 31,	
(in thousands)	2026	2025
Provision for credit losses - loans	$ 500	$ 600
Provision for credit losses - unfunded commitments	30	—
Provision for credit losses	$ 530	$ 600

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, 2026 and December 31, 2025:

	March 31, 2026		
(in thousands)	Nonaccrual With No Allowance for Credit Loss	Nonaccrual	Loans Past Due Over 89 Days Still Accruing
Residential real estate	$ 4,502	$ 4,502	$ —
Multifamily	—	446	—
Commercial real estate	10,560	10,839	—
Commercial and industrial	1,466	8,799	—
Construction and land development	—	—	—
Consumer	—	—	—
Total	$ 16,528	$ 24,586	$ —

	December 31, 2025		
(in thousands)	Nonaccrual With No Allowance for Credit Loss	Nonaccrual	Loans Past Due Over 89 Days Still Accruing
Residential real estate	$ 4,524	$ 4,524	$ —
Multifamily	—	449	—
Commercial real estate	6,053	7,261	—
Commercial and industrial	1,527	9,370	—
Construction and land development	—	—	—
Consumer	—	—	—
Total	$ 12,104	$ 21,604	$ —

The Company recognized $604 thousand and $27 thousand of interest income on nonaccrual loans during the three months ended March 31, 2026 and 2025, respectively.

Individually Analyzed Loans

The Company analyzes loans on an individual basis when management has determined that the loan no longer exhibits 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, 2026 and December 31, 2025, the amortized cost basis of individually analyzed loans amounted to $24.6 million and $17.2 million, respectively, of which $23.7 million and $16.4 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, 2026 and December 31, 2025.

(in thousands)	March 31, 2026 Amortized Cost Basis	March 31, 2026 Related Allowance
Residential real estate [1]	$ 4,502	$ —
Multifamily [2]	446	64
Commercial real estate [2]	10,583	—
Commercial and industrial [1] [2] [3]	8,166	1,605
Total	$ 23,697	$ 1,669

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

(in thousands)	December 31, 2025 Amortized Cost Basis	December 31, 2025 Related Allowance
Residential real estate [1]	$ 4,320	$ —
Multifamily [2]	442	64
Commercial real estate [2]	3,420	135
Commercial and industrial [1] [2] [3]	8,239	1,371
Total	$ 16,421	$ 1,570

(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, 2026 and December 31, 2025 by class of loans:

(in thousands) **March 31, 2026**	30 - 59 Days Past Due	60 - 89 Days Past Due	Greater than 89 Days Past Due	Total Past Due	Loans Not Past Due	Total
Residential real estate	$ 8,928	$ 643	$ 3,469	$ 13,040	$ 751,091	$ 764,131
Multifamily	3,378	1,593	447	5,418	545,321	550,739
Commercial real estate	1,882	2,129	9,755	13,766	504,217	517,983
Commercial and industrial	1,119	1,893	8,041	11,053	136,876	147,929
Construction and land development	—	—	—	—	11,496	11,496
Consumer	—	—	—	—	416	416
Total	$ 15,307	$ 6,258	$ 21,712	$ 43,277	$ 1,949,417	$ 1,992,694

(in thousands) **December 31, 2025**	30 - 59 Days Past Due	60 - 89 Days Past Due	Greater than 89 Days Past Due	Total Past Due	Loans Not Past Due	Total
Residential real estate	$ 9,400	$ 2,917	$ 2,963	$ 15,280	$ 761,715	$ 776,995
Multifamily	1,413	856	449	2,718	538,365	541,083
Commercial real estate	2,602	5,151	6,114	13,867	511,702	525,569
Commercial and industrial	8,328	688	2,691	11,707	133,884	145,591
Construction and land development	—	—	—	—	11,081	11,081
Consumer	—	—	—	—	430	430
Total	$ 21,743	$ 9,612	$ 12,217	$ 43,572	$ 1,957,177	$ 2,000,749

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.

The following tables present the amortized cost basis of loans that were both experiencing financial difficulty and modified during the three months ended March 31, 2026, by class and type of modification. The percentage of the amortized cost basis of loans that were modified to borrowers in financial distress as compared to the amortized cost basis of each class of financing receivable is also presented below.

	Three Months Ended March 31, 2026					
(in thousands)	Principal Reduction	Payment Delay	Term Extension	Interest Rate Reduction	Combination	% of Total Class of Financing Receivable
Commercial and industrial	$ —	$ 1,215	$ —	$ —	$ —	0.82 %

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, 2026.

The Company monitors the performance of loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. The following table presents the performance of such loans that have been modified in the last 12 months:

	Three Months Ended March 31, 2026			
(in thousands)	30 - 59 Days Past Due	60 - 89 Days Past Due	Greater than 89 Days Past Due	Total Past Due
Commercial and industrial	$ 306	$ —	$ —	$ 306

The following tables present the financial effect of the loan modifications presented above to borrowers experiencing financial difficulty for the three months ended March 31, 2026:

	Three Months Ended March 31, 2026		
(in thousands)	Principal Reduction	Payment Delay	Weighted Average Term Extension (in months)
Commercial and industrial	$ —	$ 82	—

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, 2026, no loans that were modified to borrowers experiencing financial difficulty had a payment default within twelve months of modification.

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 semi-annual 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, 2026 and gross charge-offs for the three months ended March 31, 2026:

	Term Loans Amortized Cost by Origination Year							Revolving Loans to	
(in thousands)	2026	2025	2024	2023	2022	Prior	Revolving Loans	Term Loans	Total
Residential real estate [(1)]									
Pass	$ 12,611	140,041	74,986	156,034	171,901	173,107	$ —	$ 26,439	$ 755,119
Special Mention	—	—	—	—	1,178	2,626	—	—	3,804
Substandard	—	1,134	363	—	—	3,375	—	—	4,872
Total Residential real estate	12,611	141,175	75,349	156,034	173,079	179,108	—	26,439	763,795
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Multifamily									
Pass	14,044	25,296	2,725	3,328	272,676	230,630	—	—	548,699
Special Mention	—	—	—	—	—	740	—	—	740
Substandard	—	—	—	—	—	1,300	—	—	1,300
Total Multifamily	14,044	25,296	2,725	3,328	272,676	232,670	—	—	550,739
Current period gross charge-offs	—	—	—	—	—	—	—	—	—
Commercial real estate									
Pass	11,319	67,429	53,510	59,119	155,347	145,052	—	—	491,776
Special Mention	—	1,150	1,628	—	2,054	3,097	—	—	7,929
Substandard	—	—	9,813	1,019	—	7,446	—	—	18,278
Total Commercial real estate	11,319	68,579	64,951	60,138	157,401	155,595	—	—	517,983
Current period gross charge-offs	—	—	—	22	—	—	—	—	22
Commercial and industrial									
Pass	4,636	38,955	29,310	44,533	7,281	6,521	—	—	131,236
Special Mention	—	42	1,137	5,065	—	1,224	—	—	7,468
Substandard	—	—	585	7,097	471	1,072	—	—	9,225
Total Commercial and industrial	4,636	38,997	31,032	56,695	7,752	8,817	—	—	147,929
Current period gross charge-offs	—	—	14	22	—	—	—	—	36
Construction and land development									
Pass	369	5,912	1,457	—	—	—	—	—	7,738
Special Mention	—	—	—	—	—	3,758	—	—	3,758
Substandard	—	—	—	—	—	—	—	—	—
Total Construction and land development	369	5,912	1,457	—	—	3,758	—	—	11,496
Current period gross charge-offs	—	—	—	—	—	—	—	—	—
Consumer									
Pass	—	38	120	203	55	—	—	—	416
Special Mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Total Consumer	—	38	120	203	55	—	—	—	416
Current period gross charge-offs	—	—	—	—	—	—	—	—	—
Total Loans	$ 42,979	$ 279,997	$ 175,634	$ 276,398	$ 610,963	$ 579,948	$ —	$ 26,439	$ 1,992,358
Total Gross charge-offs	$ —	$ —	$ 14	$ 44	$ —	$ —	$ —	$ —	$ 58

(1) Certain fixed rate residential mortgage loans are included in a fair value hedging relationship. The amortized cost excludes a contra asset of \$336,000 related to basis adjustments for loans in the closed portfolio under the portfolio layer method at March 31, 2026. 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 – Derivatives" 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, 2025:

	Term Loans Amortized Cost by Origination Year							Revolving	
							Revolving	Loans to	
(in thousands)	2025	2024	2023	2022	2021	Prior	Loans	Term Loans	Total
Residential real estate [1]									
Pass	$ 141,755	$ 77,692	$ 161,707	$ 176,313	$ 50,906	$ 133,911	$ —	$ 25,459	$ 767,743
Special Mention	—	—	—	1,184	1,185	1,449	—	—	3,818
Substandard	1,136	376	—	—	—	3,383	—	—	4,895
Total Residential real estate	142,891	78,068	161,707	177,497	52,091	138,743	—	25,459	776,456
Multifamily									
Pass	25,386	2,734	3,343	274,404	154,614	80,153	—	—	540,634
Special Mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	449	—	—	449
Total Multifamily	25,386	2,734	3,343	274,404	154,614	80,602	—	—	541,083
Commercial real estate									
Pass	65,373	62,277	59,357	156,010	56,447	100,094	—	—	499,558
Special Mention	1,182	4,967	—	2,054	7,473	2,385	—	—	18,061
Substandard	—	5,563	1,699	—	—	688	—	—	7,950
Total Commercial real estate	66,555	72,807	61,056	158,064	63,920	103,167	—	—	525,569
Commercial and industrial									
Pass	39,132	27,187	46,472	7,210	5,015	3,368	—	—	128,384
Special Mention	—	1,428	5,083	—	939	317	—	—	7,767
Substandard	—	114	7,772	477	237	840	—	—	9,440
Total Commercial and industrial	39,132	28,729	59,327	7,687	6,191	4,525	—	—	145,591
Construction and land development									
Pass	5,855	1,463	—	—	—	—	—	—	7,318
Special Mention	—	—	—	—	3,763	—	—	—	3,763
Substandard	—	—	—	—	—	—	—	—	—
Total Construction and land development	5,855	1,463	—	—	3,763	—	—	—	11,081
Consumer									
Pass	39	124	209	58	—	—	—	—	430
Special Mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Total Consumer	39	124	209	58	—	—	—	—	430
Total Loans	$ 279,858	$ 183,925	$ 285,642	$ 617,710	$ 280,579	$ 327,037	$ —	$ 25,459	$ 2,000,210

(1) Certain fixed rate residential mortgage loans are included in a fair value hedging relationship. The amortized cost excludes a contra asset of $539,000 related to basis adjustments for loans in the closed portfolio under the portfolio layer method at December 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 – Derivatives" 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 110,263 shares remain available for issuance at March 31, 2026. Of the total 346,000 shares of common stock approved for issuance under the 2018 Plan, 5,026 shares remain available for issuance at March 31, 2026.

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.

No stock options were exercised during the three months ended March 31, 2026. There were 42,000 stock options exercised resulting in the net issuance of 14,332 shares of common stock during the three months ended March 31, 2025.

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, 2026	16,000	$ 13.00	$ 164	0.67 years
Granted	—	—		
Exercised	—	—		
Forfeited	—	—		
Outstanding, March 31, 2026 [(1)]	16,000	$ 13.00	$ 134	0.42 years

(1) All outstanding options are fully vested and exercisable.

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

(in thousands)	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
Intrinsic value of options exercised	$ —	$ 847
Tax benefit from option exercises	—	296

There was no compensation expense attributable to stock options for the three months ended March 31, 2026 and 2025.

Restricted Stock Awards

During the three months ended March 31, 2026, restricted stock awards of 53,596 shares were granted with vesting periods ranging from three to five years. During the three months ended March 31, 2025, 49,750 shares 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, 2026	200,404	$ 20.76
Granted	53,596	23.24
Vested	(59,844)	20.31
Forfeited	(17,467)	21.01
Unvested, March 31, 2026	176,689	$ 21.64

Compensation expense attributable to restricted stock awards was $289 thousand and $348 thousand for the three months ended March 31, 2026 and 2025, respectively. As of March 31, 2026 and December 31, 2025, there was $3.5 million and $2.9 million of total unrealized compensation cost related to unvested restricted stock, expected to be recognized over a weighted-average term of 2.93 years and 3.01 years, respectively. The total fair value of shares vested during the three months ended March 31, 2026 and 2025 was $1.3 million and $1.8 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, 2026:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested, January 1, 2026	22,345	$ 26.30
Granted	20,022	23.55
Vested	—	—
Forfeited	(5,228)	26.30
Unvested, March 31, 2026	37,139	$ 24.82

During the three months ended March 31, 2026, the Company granted 20,022 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, 2028. Performance-based RSUs granted in 2025 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 $69 thousand and $146 thousand, respectively, for the three months ended March 31, 2026 and 2025. As of March 31, 2026 and December 31, 2025, there was $731 thousand and $414 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, 2026, 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, 2026 and December 31, 2025, 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
March 31, 2026								
Total capital to risk-weighted assets	$ 229,949	14.57 %	$ 126,248	8.00 %	$ 165,700	10.50 %	$ 157,809	10.00 %
Tier 1 capital to risk-weighted assets	210,222	13.32 %	94,686	6.00 %	134,138	8.50 %	126,248	8.00 %
Common equity tier 1 capital to risk-weighted assets	210,222	13.32 %	71,014	4.50 %	110,467	7.00 %	102,576	6.50 %
Tier 1 capital to average total assets	210,222	9.20 %	91,414	4.00 %	N/A	N/A	114,268	5.00 %
December 31, 2025								
Total capital to risk-weighted assets	$ 222,739	14.06 %	$ 126,770	8.00 %	$ 166,385	10.50 %	$ 158,462	10.00 %
Tier 1 capital to risk-weighted assets	204,431	12.90 %	95,077	6.00 %	134,693	8.50 %	126,770	8.00 %
Common equity tier 1 capital to risk-weighted assets	204,431	12.90 %	71,308	4.50 %	110,923	7.00 %	103,000	6.50 %
Tier 1 capital to average total assets	204,431	9.05 %	90,398	4.00 %	N/A	N/A	112,997	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, 2026 the Bank paid $2.3 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, 2026, the Bank had $24.9 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. The Company made capital contributions of $6.0 million to the Bank during the three months ended March 31, 2026.

7. FAIR VALUE

Fair value is the exchange 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.

There are three levels of inputs that may be used to measure fair values:

- 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, 2026 and December 31, 2025:

	March 31, 2026			
		Fair Value Measurements Using:		
(in thousands)	Carrying Amount	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets:				
Available-for-sale securities:				
U.S. GSE residential mortgage-backed securities	$ 24,153	$ —	$ 24,153	$ —
U.S. GSE residential collateralized mortgage obligations	12,319	—	12,319	—
U.S. GSE commercial mortgage-backed securities	2,509	—	2,509	—
Collateralized loan obligations	31,591	—	31,591	—
Corporate bonds	35,227	—	35,227	—
Loan servicing rights	6,194	—	—	6,194
Total	$ 111,993	$ —	$ 105,799	$ 6,194
Financial liabilities:				
Derivatives	$ 543	$ —	$ 543	$ —

	December 31, 2025			
		Fair Value Measurements Using:		
(In thousands)	Carrying Amount	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets:				
Available-for-sale securities:				
U.S. Treasury securities	$ 4,495	$ —	$ 4,495	$ —
U.S. GSE residential mortgage-backed securities	18,143	—	18,143	—
U.S. GSE residential collateralized mortgage obligations	11,757	—	11,757	—
U.S. GSE commercial mortgage-backed securities	2,532	—	2,532	—
Collateralized loan obligations	32,664	—	32,664	—
Corporate bonds	29,961	—	29,961	—
Loan servicing rights	6,320	—	—	6,320
Total	$ 105,872	$ —	$ 99,552	$ 6,320
Financial liabilities:				
Derivatives	$ 1,053	$ —	$ 1,053	$ —

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 collateral-dependent loans with specific allocations of the allowance for credit losses is generally based on recent real estate appraisals. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available for similar loans and collateral underlying such loans. Non-real estate collateral may be valued using an appraisal, net book value per the borrowers financial statements, adjusted or discounted based on management's knowledge, changes in market conditions from the time of the valuation, and management's expertise and knowledge of the client and client's business, resulting in a Level 3 fair value classification. Collateral-dependent loans are evaluated on a quarterly basis and adjusted in accordance with the allowance policy.

Other Real Estate Owned ("OREO") (included in Other Assets): Assets acquired through or in lieu of loan foreclosures are initially recorded at fair value less costs to sell when acquired, establishing a new cost basis. These assets are subsequently accounted for at the lower of cost or fair value less estimated costs to sell. Fair value is commonly based on recent real estate appraisals which are updated no less frequently than annually. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and income approach with data comparable properties. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are usually significant and typically result in a Level 3 classification of the inputs for determining fair value. OREO properties are evaluated on a quarterly basis for additional impairment and adjusted accordingly.

Appraisals for both collateral-dependent loans and OREO are performed by certified commercial appraisers for commercial properties or certified residential appraisers for residential properties whose qualifications and licenses have been reviewed and approved by the Bank. Once received, an independent third party reviews the assumptions and approaches utilized in the appraisal as well as the overall resulting fair value in comparison with independent data sources such as recent market data or industry-wide statistics.

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, 2026 was determined based on discounted expected future cash flows using discount rates ranging from 12.6% to 15.1%, prepayment speeds ranging from 17.5% to 18.8% and a weighted average life ranging from 1.3 to 3.6 years. Fair value at December 31, 2025 for loan servicing rights related to residential mortgage loans was determined based on discounted expected future cash flows using discount rates ranging from 12.4% to 14.9%, prepayment speeds ranging from 17.6% to 18.9% and a weighted average life ranging from 1.5 to 3.6 years.

The fair value of loan servicing rights for SBA loans at March 31, 2026 was determined based on discounted expected future cash flows using discount rates ranging from 3.7% to 53.4%, prepayment speeds ranging from 8.5% to 32.6% and a weighted average life ranging from 0.5 to 5.4 years. The fair value of loan servicing rights for SBA loans at December 31, 2025 was determined based on discounted expected future cash flows using discount rates ranging from 6.0% to 48.8%, prepayment speeds ranging from 7.9% to 31.9% and a weighted average life ranging from 0.4 to 5.4 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:

	Three Months Ended March 31,	
(in thousands)	2026	2025
Balance at beginning of period	$ 6,320	$ 6,016
Additions	101	490
Adjustment to fair value	(227)	(299)
Balance at end of period	$ 6,194	$ 6,207

Assets Measured at Fair Value on a Non-recurring Basis

Assets measured at fair value on a non-recurring basis are summarized below:

	March 31, 2026			
		Fair Value Measurements Using:		
(in thousands)	Carrying Amount	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Collateral-dependent loans:				
Multifamily	$ 378	$ —	$ —	$ 378
Commercial and industrial	5,678	—	—	5,678
Other real estate owned, net:				
Commercial real estate	650	—	—	650

	December 31, 2025			
		Fair Value Measurements Using:		
(in thousands)	Carrying Amount	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Collateral-dependent loans:				
Multifamily	$ 378	$ —	$ —	$ 378
Commercial real estate	991	—	—	991
Commercial and industrial	6,084	—	—	6,084
Other real estate owned, net:				
Commercial real estate	650	—	—	650

The Bank had one other real estate owned property at March 31, 2026 and December 31, 2025 with a $650 thousand carrying value (included in other assets).

The table below presents quantitative information about level 3 fair value measurements for assets measured at fair value on a non-recurring basis at March 31, 2026 and December 31, 2025:

March 31, 2026	Fair Value	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
(Dollar in thousands)				
Collateral-dependent loans:				
Multifamily	$ 378	Income approach	Capitalization rate	4.00% - 9.40% (8.50%)
Commercial and industrial	5,678	Income approach	Capitalization rate	5.00% - 9.50% (8.50%)
Other real estate owned:				
Commercial real estate	650	Income approach	Capitalization rate	5.50% - 12.00% (9.00%)

December 31, 2025	Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Average)
(Dollar in thousands)				
Collateral-dependent loans:				
Multifamily	$ 378	Income approach	Capitalization rate	4.00% - 9.40% (8.50%)
Commercial real estate	991	Sales comparison approach	Comparable sales adjustments	5.00% - 20.00% (10.00%)
Commercial and industrial	6,084	Income approach	Capitalization rate	5.00% - 9.50% (8.50%)
Other real estate owned:				
Commercial real estate	650	Income approach	Capitalization rate	5.50% - 12.00% (9.00%)

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, 2026 and December 31, 2025:

	March 31, 2026				
		Fair Value Measurements Using:			
(In thousands)	Carrying Amount	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Financial assets:					
Cash and cash equivalents	$ 194,448	$ 194,448	$ —	$ —	$ 194,448
Securities held-to-maturity	963	—	919	—	919
Loans, net	1,973,545	—	—	1,968,216	1,968,216
Accrued interest receivable	11,520	—	1,153	10,367	11,520
Financial liabilities:					
Time deposits	517,421	—	517,591	—	517,591
Demand and other deposits	1,504,925	1,504,925	—	—	1,504,925
Borrowings	59,780	—	59,026	—	59,026
Subordinated debentures	59,021	—	61,003	—	61,003
Accrued interest payable	1,681	13	1,668	—	1,681

(In thousands)	December 31, 2025				
		Fair Value Measurements Using:			
	Carrying Amount	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Financial assets:					
Cash and cash equivalents	$ 208,904	$ 208,904	$ —	$ —	$ 208,904
Securities held-to-maturity	1,017	—	976	—	976
Loans, net	1,982,055	—	—	1,981,457	1,981,457
Accrued interest receivable	11,780	—	1,165	10,615	11,780
Financial liabilities:					
Time deposits	509,896	—	510,703	—	510,703
Demand and other deposits	1,518,491	1,518,491	—	—	1,518,491
Borrowings	100,725	—	101,510	—	101,510
Subordinated debentures	24,743	—	26,342	—	26,342
Accrued interest payable	1,741	11	1,730	—	1,741

8. BORROWINGS

Federal Home Loan Bank ("FHLB") Advances

During the three months ended March 31, 2026, the Company restructured five existing FHLB advances with a total principal balance of $60.3 million and a weighted average rate of 4.27%. These advances were replaced with two new putable fixed-rate advances with FHLB totaling $60.3 million at a weighted average rate of 3.47%. $13.5 million and $46.8 million maturing on February 23, 2029 and February 24, 2031, respectively, are structured with an embedded option allowing the FHLB to terminate the advances at par on specified dates after a one-year and two-year lock-out period, respectively. If the FHLB exercises this option, the Company will need to replace this funding at market rates. A prepayment penalty of $481 thousand was incurred but deferred and is being amortized as a yield adjustment over the life of the new advances.

At March 31, 2026 and December 31, 2025, FHLB term borrowings outstanding were $59.8 million (net of $470 thousand deferred prepayment penalty) and $100.7 million, respectively, all of which were fixed rate.

There were no FHLB overnight borrowings outstanding at March 31, 2026 and December 31, 2025.

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, 2026 and December 31, 2025. Based on this collateral and the Company's holdings of FHLB stock, the Company was eligible to borrow up to an additional total of $106.5 million and $8.9 million at March 31, 2026 and December 31, 2025, 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):

	Balance at March 31, 2026	
Contractual Maturity	Amount	Weighted Average Rate
Overnight	$ —	— %
2029, rate 3.87%	13,278	3.87 %
2031, rate 3.38%	46,502	3.38 %
Total term advances	59,780	3.49 %
Total FHLB advances	$ 59,780	3.49 %

	Balance at December 31, 2025	
Contractual Maturity	Amount	Weighted Average Rate
Overnight	$ —	— %
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	100,725	4.36 %
Total FHLB advances	$ 100,725	4.36 %

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 $91.2 million and $97.3 million as of March 31, 2026 and December 31, 2025, respectively. The Company did not have any outstanding borrowings against this line as of March 31, 2026 and December 31, 2025.

Correspondent Bank Borrowings

At March 31, 2026, 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, 2026 and December 31, 2025.

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 on October 15, 2030 (the “2020 Notes”) to certain qualified institutional buyers and accredited investors. The 2020 Notes bore interest, payable semi-annually, at the rate of 5.00% per annum, until October 15, 2025. From and including October 15, 2025 through maturity or earlier redemption, 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 payable quarterly in arrears on January 15, April 15, July 15, and October 15 of each year, commencing on January 15, 2026. As of March 31, 2026, the variable interest rate was 8.54%. The Company may, at its option, on any upcoming scheduled interest payment, redeem the 2020 Notes, in whole or in part, subject to the receipt of any required regulatory approval.

On March 12, 2026, the Company completed the private placement of $35 million in aggregate principal amount of fixed-to-floating rate subordinated notes due on March 15, 2036 (the "2026 Notes") to certain qualified institutional buyers and accredited investors. The 2026 Notes bear interest, payable semi-annually, at the rate of 7.25% per annum, to be excluding March 15, 2031. From and including March 15, 2031 through the maturity date or early redemption date, the interest rate applicable to the outstanding principal amount due will reset quarterly to the then current three-month SOFR plus 386 basis points. The Company may, at its option, beginning with the interest payment date of March 15, 2031, but not generally prior thereto, and on any scheduled interest payment date thereafter, redeem the 2026 Notes, in whole or in part, subject to the receipt of any required regulatory approval. The 2026 Notes are not subject to redemption at the option of the holders of the 2026 Notes. The Company intends to use the net proceeds of the 2026 Notes to redeem the 2020 Notes on April 15, 2026 and for general corporate purposes, including contributing equity capital to the Bank. The portion of the proceeds of the 2026 Notes contributed to the Bank is included as a component of the Bank's Tier 1 capital for regulatory reporting.

At March 31, 2026 and December 31, 2025, the unamortized issuance costs of the subordinated notes were $979 thousand and $257 thousand, respectively. For the three months ended March 31, 2026 and 2025, $17 thousand and $13 thousand in issuance costs were recorded in interest expense. The subordinated 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	
(in thousands)	Notional Amount	Fair Value [(1)]	Notional Amount	Fair Value [(1)]
March 31, 2026				
Cash flow hedges:				
Interest rate swaps (Brokered Certificates of Deposit)	$ —	$ —	$ 75,000	$ (284)
Fair value hedges:				
Interest rate swaps (Loans)	—	—	50,000	(259)
Total	$ —	$ —	$ 125,000	$ (543)
December 31, 2025				
Cash flow hedges:				
Interest rate swaps (Brokered Certificates of Deposit)	$ —	$ —	$ 75,000	$ (594)
Fair value hedges:				
Interest rate swaps (Loans)	—	—	50,000	(459)
Total	$ —	$ —	$ 125,000	$ (1,053)

(1) 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.

Table of Contents

Cash Flow Hedges of Interest Rate Risk

Interest rate swaps with notional amounts totaling $75.0 million as of March 31, 2026 and December 31, 2025, 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.

	Three Months Ended March 31,	
(in thousands)	2026	2025
Gain (loss) recognized in other comprehensive income, net of tax	$ 241	$ (238)
Loss recognized in interest expense	(125)	—

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, 2026 and 2025.

	Three Months Ended March 31,	
(in thousands)	2026	2025
Net (loss) gain on hedged items recorded in interest income on loans	$ (3)	$ 3
Loss on hedge recorded in interest income on loans	(111)	(27)

At March 31, 2026 and December 31, 2025, the following amounts were recorded on the Statement of Financial Condition related to cumulative basis adjustment for fair value hedges.

(in thousands)	March 31, 2026	December 31, 2025
Loans receivable:		
Carrying amount of the hedged assets[1]	$ 50,000	$ 50,000
Fair value hedging adjustment included in the carrying amount of the hedged assets	336	539

(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, 2026 and December 31, 2025, the amortized cost basis of the closed portfolios used in the hedging relationships was $305.1 million and $318.6 million, respectively. The cumulative basis adjustments associated with these hedging relationships was $0.3 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, 2026 and December 31, 2025, the Company posted $0.7 million and $1.2 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, 2026 and 2025:

(in thousands)	Unrealized Gains and Losses on Available-for-Sale Debt Securities	Gains and Losses on Cash Flow Hedges	Total
Balance at January 1, 2026	$ (218)	$ (462)	$ (680)
Other comprehensive (loss) income, before reclassification	(225)	241	16
Amount reclassified from accumulated other comprehensive income	—	—	—
Net current period other comprehensive (loss) income	(225)	241	16
Balance at March 31, 2026	$ (443)	$ (221)	$ (664)

(in thousands)	Unrealized Gains and Losses on Available-for-Sale Debt Securities	Gains and Losses on Cash Flow Hedges	Total
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)

There were no significant amounts reclassified out of accumulated other comprehensive (loss) income for the three months ended March 31, 2026 and 2025.

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, 2026 and 2025, there was no customer that accounted for more than 10% of the Company's consolidated revenue.

13. SUBSEQUENT EVENTS

On April 15, 2026, the Company redeemed in full the $25.0 million in aggregate principal amount of its outstanding floating rate subordinated notes, originally maturing on October 15, 2030, for a total redemption price of $25.0 million plus accrued interest of $534 thousand. As a result of this redemption, the Company recorded a loss on debt extinguishment of $240 thousand in the second quarter of 2026 representing the acceleration and write-off of the remaining unamortized debt issuance costs. The redemption was funded using a portion of the net proceeds from the $35.0 million subordinated notes that the Company issued on March 12, 2026.

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, 2025, 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 and the impact of changing political conditions or federal government shutdowns;

- 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, including those relating, but not limited, to banking, securities, rent regulation and housing, financial accounting and reporting, environmental protection and insurance matters and the impact of such changes, as well as our ability to comply such changes in a timely manner;

- Downturns in demand for loan, deposit and other financial services in the Company's market area and the adequacy of the allowance for credit losses;

- 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 refreshed corporate logo, exemplifies our momentum towards a more technologically advanced, modern and digitally forward-thinking bank.

The Company was added to the Russell 2000 Index in late June 2025. The Russell 2000 Index encompasses the 2,000 largest U.S.-traded stocks by objective, market-capitalization rankings, and style attributes. The Russell Indexes are widely used by investment managers and institutional investors for index funds and as benchmarks for active investment strategies.

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, 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. In June 2025, we opened a full-service branch in Port Jefferson, Suffolk County, New York to serve the thriving Suffolk County area. Regulatory authorization has been received for the opening of a full-service branch in a state-of-the-art facility in downtown Riverhead, New York. In anticipation of the branch opening later this year, a temporary loan production office in Riverhead with business development staff became operational in March 2026. 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 higher market interest rates experienced 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. During the quarters ended March 31, 2026 and 2025, the Company sold $35.2 million and $18.3 million, respectively, of residential loans under its flow origination program and recorded gains on sale of loans held-for-sale of $0.9 million and $0.4 million, respectively.

During the quarters ended March 31, 2026 and 2025, the Company sold approximately $6.3 million and $23.4 million, respectively, in government guaranteed SBA loans and recorded gains on sale of loans held-for-sale of $0.5 million and $1.9 million, respectively. SBA loan originations and gains on sales continue to be lower due to a less favorable economic outlook for many business owners along with the Bank's ongoing prudent decision to tighten credit. Together, these factors contributed to lower SBA loan volume, approval levels, and related gain-on-sale income.

In February 2026, the Bank executed a proactive wholesale funding optimization strategy, restructuring five FHLB advances maturing in 2027 and 2028 and totaling $60.3 million in two new advances of equal principal with embedded put features to enhance balance sheet flexibility. The transaction reduced the weighted average all-in borrowing cost from 4.27% to 3.47%, generating approximately $40 thousand in monthly interest expense savings while preserving appropriate term funding and call protection.

On March 12, 2026, the Company issued $35 million of 10-year fixed-to-floating rate subordinated notes with a fixed coupon rate of 7.25% for the first five years. The Company used the net proceeds to provide capital to support growth of the consolidated entity and to redeem in full, its previously outstanding $25 million of 8.54% floating rate subordinated notes on April 15, 2026, thereby reducing the Company's cost of funds.

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, 2026 and 2025
(dollars in thousands, except per share data)

	Three months ended March 31, 2026	Three months ended March 31, 2025
Revenue [1]	**$ 19,106**	$ 18,361
Non-interest expense	**15,606**	15,996
Provision for credit losses	**530**	600
Net income	**1,874**	1,521
Net income per share - diluted	**0.25**	0.20
Return on average assets	**0.33 %**	0.27 %
Return on average stockholders' equity [2]	**3.74 %**	3.11 %
Tier 1 leverage ratio	**9.20 %**	8.95 %
Common equity tier 1 risk-based capital ratio	**13.32 %**	13.37 %
Tier 1 risk-based capital ratio	**13.32 %**	13.37 %
Total risk-based capital ratio	**14.57 %**	14.62 %
Total stockholders' equity/total assets [3]	**8.50 %**	8.58 %
Tangible common equity ratio (non-GAAP) [2]	**7.74 %**	7.80 %
Efficiency ratio [4]	**81.68 %**	87.12 %

(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.
(4) Represents non-interest expense divided by the sum of net interest income and non-interest income.

At March 31, 2026 the Company, on a consolidated basis, had total assets of $2.4 billion, total deposits of $2.0 billion and total stockholders' equity of $201.4 million. The Company recorded net income of $1.9 million, or $0.25 per diluted share (including Series A preferred shares) for the three months ended March 31, 2026 compared to net income of $1.5 million, or $0.20 per diluted share (including Series A preferred shares), for the same period in 2025.

During the quarter ended March 31, 2026, net interest income increased $1.7 million and non-interest expense decreased $0.4 million, compared to the March 31, 2025 quarter. These were partially offset by a decrease of $1.0 million in non-interest income, particularly a decrease in gain on sale of loans held for sale of $0.9 million, and a $0.8 million increase income tax expense, resulting in a $0.4 million increase in net income between these periods.

The Company's return on average assets and return on average stockholders' equity were 0.33% and 3.74%, respectively, for the three months ended March 31, 2026, versus 0.27% and 3.11%, respectively, for the comparable 2025 quarter.

Total non-accrual loans at March 31, 2026 were $24.6 million, or 1.23% of total loans, compared to $21.6 million, or 1.08% of total loans at December 31, 2025 and $11.7 million, or 0.60% of total loans, at March 31, 2025. The allowance for credit losses as a percentage of total non-accrual loans amounted to 78%, 87% and 196% at March 31, 2026, December 31, 2025 and March 31, 2025, respectively.

The Company's efficiency ratio was 81.68% for the three months ended March 31, 2026, versus 87.12% in the March 31, 2025 quarter.

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, 2026, 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, 2025.

Financial Condition – Total assets of the Company were $2.4 billion at March 31, 2026 and at December 31, 2025. Total securities available for sale at March 31, 2026 were $105.8 million, an increase of $6.2 million from December 31, 2025, primarily driven by growth in U.S. GSE residential mortgage-backed securities and corporate bonds, offset by decreases in U.S. Treasury securities and collateralized loan obligations. Total loans at March 31, 2026 and December 31, 2025 were $2.0 billion. Total deposits were $2.0 billion at March 31, 2026 and at December 31, 2025. Total borrowings and subordinated debt at March 31, 2026 were $118.8 million, including $59.8 million (net of $470 thousand deferred prepayment penalty) of outstanding FHLB advances, compared to $125.5 million at December 31, 2025.

At March 31, 2026, the residential loan portfolio amounted to $764.1 million, or 38.3% of total loans. Commercial real estate loans, including multifamily loans and construction and land development loans, totaled $1.1 billion or 54.2% of total loans at March 31, 2026. Commercial and industrial loans totaled $147.9 million or 7.4% of total loans at March 31, 2026.

Total deposits were $2.0 billion at March 31, 2026 and at December 31, 2025. Our loan to deposit ratio was 99% at March 31, 2026 and at December 31, 2025. Core deposit balances, which consist of demand, NOW, savings and money market deposits, represented 74.4% and 74.9% of total deposits at March 31, 2026 and December 31, 2025, respectively. At those dates, demand deposit balances represented 11.7% and 12.2% of total deposits. The Company's municipal deposit program is built on long-standing relationships developed in the local marketplace. We believe that 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 program. At March 31, 2026, total municipal deposits were $665.6 million, representing 32.4% of total deposits, compared to $700.7 million, or 34.5% of total deposits at December 31, 2025. The weighted average rate on the municipal deposit portfolio was 3.04% at March 31, 2026 and 3.01% at December 31, 2025. The aggregate amount of the Company's outstanding uninsured deposits was $296.9 million or 14.5% of total deposits as of March 31, 2026 and $304.8 million or 15.0% of total deposits as of December 31, 2025.

Borrowings at March 31, 2026 and December 31, 2025 were $59.8 million (net of $470 thousand deferred prepayment penalty) and $100.7 million, respectively, comprised of outstanding FHLB advances. The Company had no borrowings outstanding under lines of credit with correspondent banks at March 31, 2026 and December 31, 2025.

Commercial Real Estate Statistics

The Company continues to actively manage its Multifamily and Commercial Real Estate portfolios which resulted in a reduction in the commercial real estate concentration ratio to 354% of capital at March 31, 2026. 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 Multifamily 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 as of March 31, 2026 is not significant at $11.5 million, all at floating interest rates. As shown below, as of March 31, 2026, 21% of the loan balances in these combined portfolios will either have a rate reset or mature in 2026, with another 55% with rate resets or maturing in 2027.

Multifamily Market Rent Portfolio Fixed Rate Reset/Maturity Schedule

Calendar Period (Loan Data as of 3/31/2026)	# Loans	Total O/S ($000's omitted)	Avg O/S ($000's omitted)	Avg Interest Rate
2026	29	$ 86,070	$ 2,968	3.76 %
2027	70	185,867	2,655	4.39 %
2028	15	20,598	1,373	6.14 %
2029	7	11,156	1,594	6.58 %
2030	8	20,180	2,523	6.19 %
2031+	12	35,462	2,955	5.58 %
Fixed Rate	**141**	**359,333**	**2,548**	**4.62 %**
Floating Rate	**1**	**105**	**105**	**9.50 %**
Total	**142**	**$ 359,438**	**$ 2,531**	**4.63 %**

Multifamily Stabilized Rent Portfolio Fixed Rate Reset/Maturity Schedule

Calendar Period (Loan Data as of 3/31/2026)	# Loans	Total O/S ($000's omitted)	Avg O/S ($000's omitted)	Avg Interest Rate
2026	16	$ 35,838	$ 2,240	3.89 %
2027	51	120,805	2,369	4.22 %
2028	12	9,962	830	7.07 %
2029	4	4,251	1,063	6.38 %
2030	7	13,542	1,935	6.32 %
2031+	6	6,456	1,076	3.82 %
Fixed Rate	**96**	**190,854**	**1,988**	**4.49 %**
Floating Rate	**1**	**447**	**447**	**9.00 %**
Total	**97**	**$ 191,301**	**$ 1,972**	**4.50 %**

CRE Investor Portfolio Fixed Rate Reset/Maturity Schedule

Calendar Period (Loan Data as of 3/31/2026)	# Loans	Total O/S ($000's omitted)	Avg O/S ($000's omitted)	Avg Interest Rate
2026	34	$ 50,188	$ 1,476	6.11 %
2027	83	137,570	1,657	4.73 %
2028	28	30,261	1,081	6.65 %
2029	5	5,894	1,179	6.70 %
2030	14	13,426	959	6.98 %
2031+	16	16,019	1,001	5.56 %
Fixed Rate	**180**	**253,358**	**1,408**	**5.45 %**
Floating Rate	**10**	**10,003**	**1,000**	**8.39 %**
Total CRE-Inv.	**190**	**$ 263,361**	**$ 1,386**	**5.56 %**

Stabilized Multifamily Pro Forma Stress Results

The table below reflects a a pro forma stressed evaluation of the Bank's Multifamily stabilized loan portfolio as of March 31, 2026, using the primary assumption for a revised Debt Service Coverage Ratio ("DSCR") calculation, for all loans where the current interest rate is below 5.75%. The current balance for these loans is recast at 5.75% with a 30-year amortization. The chart below reflects the impact of these adjustments on the portfolio. The projected loan to value ("LTV") assumption resets all loans using a 6% cap rate (despite lower current cap rates) and the last reported property net operating income ("NOI") to determine an implied property valuation and based on the current loan balance, the resultant LTV.

Multifamily Stabilized Rent Portfolio (Loan Data as of 3/31/2026)					
DSCR Range	**# Loans**	**Total O/S ($000's omitted)**	**% of Total MF Portfolio**	**Current Weighted Average LTV**	**Projected Weighted Average LTV**
< 1.0	6	$ 11,091	2 %	64 %	96 %
1.0 < x <1.2	17	35,911	7 %	63 %	73 %
1.2 < x <1.3	13	40,891	7 %	63 %	71 %
1.3 < x <1.5	27	60,886	11 %	63 %	61 %
1.5 < x <2.0	21	34,183	6 %	58 %	53 %
x > 2.0	13	8,339	2 %	44 %	36 %
Total	**97**	**$ 191,301**	**35 %**	**61 %**	**65 %**

As reflected above, only 6 loans totaling $11 million in the multifamily rent stabilized portfolio would have a pro forma DSCR less than 1x while maintaining projected weighted average LTV's under 100%. This represents 2% of the total multifamily portfolio. The remainder of this portfolio, totaling $180 million, representing 33% of the entire multifamily portfolio, would possess DSCR's greater than 1x while maintaining a projected weighted average LTV well within our policy guidelines. Additionally, 73% of the stabilized loans and 73% of the entire multifamily portfolio are further secured with personal guarantees from the borrowers. Based on the maturities and rate resets in the previous 12 months, we believe the overall demand for multifamily housing in our market will allow our borrowers to address any adverse impact proactively. The Bank continues to successfully manage multifamily loans with scheduled rate repricing or maturities. Matured loans that qualified for renewal have been retained while others have paid off in full through refinances. The majority of the rate resetting loans remain as performing loans at the new higher interest rate.

Rental Breakdown of Multifamily Portfolio

The table below segments our portfolio of loans secured by Multifamily properties based on rental terms and location as of March 31, 2026. As shown below, 65% 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.

Multifamily Loan Portfolio - Loans by Rent Type (Loan Data as of 3/31/2026)									
Rent Type	**# Notes**	**Outstanding Loan Balance**		**% of Total Multi-Family**	**Avg Loan Size**		**LTV**	**Current DSCR**	**Avg # of Units**
		($000's omitted)			($000's omitted)				
Market	**142**	**$**	**359,438**	**65 %**	**$**	**2,531**	**61.0 %**	**1.45**	**11**
Location									
Manhattan	7	$	16,079	3 %	$	2,297	54.5 %	1.82	13
Other NYC	93	$	260,556	47 %	$	2,802	60.9 %	1.41	9
Outside NYC	42	$	82,803	15 %	$	1,972	62.8 %	1.51	14
Stabilized	**97**	**$**	**191,301**	**35 %**	**$**	**1,972**	**61.3 %**	**1.46**	**12**
Location									
Manhattan	7	$	10,147	2 %	$	1,450	50.1 %	1.76	19
Other NYC	79	$	164,232	30 %	$	2,079	61.9 %	1.43	11
Outside NYC	11	$	16,922	3 %	$	1,538	62.3 %	1.61	14

Office Property Exposure

The Bank's exposure to the Office market is not significant. Loans secured by office space accounted for 2% of the total loan portfolio at March 31, 2026, with a total balance of $41.5 million, of which less than 1% is located in Manhattan. The pool has a 2.41x weighted average DSCR and a 54% weighted average LTV.

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 $300.2 million and $308.5 million at March 31, 2026 and December 31, 2025, 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, 2026, undrawn liquidity sources, which include cash and unencumbered securities and secured and unsecured funding capacity, totaled $763.0 million or approximately 257% 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, 2026, total deposits were $2.0 billion, of which $508.0 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 86% of total deposits at March 31, 2026. At March 31, 2026 and December 31, 2025, the Company had $59.8 million (net of $470 thousand deferred prepayment penalty) and $100.7 million, respectively, 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, 2026, the Bank had a total borrowing capacity of $814.1 million at the Federal Home Loan Bank of New York, of which $647.3 million was used to collateralize municipal deposits and $60.3 million was utilized for term advances. At March 31, 2026, the Bank had a $91.2 million collateralized line of credit from the Federal Reserve Bank of New York's discount window with no outstanding borrowings. At March 31, 2026, 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, 2026.

Our sources of wholesale funding included brokered deposits, listing service certificates of deposit and insured cash sweep ("ICS") reciprocal deposits in excess of 20% of total liabilities, which balances totaled approximately $152.2 million, $0.3 million and $0, or 7.4%, 0.0% and 0.0% of total deposits, respectively, at March 31, 2026. 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 $201.4 million at March 31, 2026 and $200.3 million at December 31, 2025. Retained earnings increased by $1.1 million due primarily to net income of $1.9 million for the three months ended March 31, 2026, which was offset by $0.7 million of dividends declared. The accumulated other comprehensive loss at March 31, 2026 was 0.33% of total equity and was comprised of a $0.4 million after tax net unrealized loss on the investment portfolio and a $0.2 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 9.20%, 13.32%, 13.32% and 14.57%, respectively, at March 31, 2026, 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, 2026, 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. There were no repurchases of common stock during the three months ended March 31, 2026. As of March 31, 2026, 284,075 shares remained available for repurchase under the program. See "Part II – Item 2. – Unregistered Sales of Equity Securities and Use of Proceeds" for additional information about repurchases of common stock.

The Company's total stockholders' equity to total assets ratio and tangible common equity to tangible assets ratio ("TCE ratio") were 8.50% and 7.74%, respectively, at March 31, 2026, versus 8.40% and 7.65%, respectively, at December 31, 2025. 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, 2026 (in thousands). (See also Non-GAAP Disclosure contained herein.)

				Ratios
Total stockholders' equity (3)	$ 201,441	Total assets	$ 2,370,949	8.50% (1)
Less: goodwill	(19,168)	Less: goodwill	(19,168)	
Less: core deposit intangible	(184)	Less: core deposit intangible	(184)	
Tangible common equity (3)	$ 182,089	**Tangible assets**	$ 2,351,597	7.74% (2)

(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 shares and Series A preferred shares payable on May 18, 2026 to stockholders of record on May 11, 2026.

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, 2026 and December 31, 2025, commitments to originate loans and commitments under unused lines of credit for which the Bank is obligated amounted to approximately $137.2 million and $160.9 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, 2026 and December 31, 2025, letters of credit outstanding were approximately $1.0 million and $0.8 million, respectively.

Results of Operations – Comparison of the Three Months Ended March 31, 2026 and 2025 – The Company recorded net income of $1.9 million during the three months ended March 31, 2026, versus net income of $1.5 million in the 2025 comparable quarter. During the quarter ended March 31, 2026, net interest income increased $1.7 million and non-interest expense decreased $0.4 million, compared to the March 31, 2025 quarter. These were partially offset by a decrease of $1.0 million in non-interest income, particularly a decrease in gain on sale of loans held for sale of $0.9 million, and a $0.8 million increase income tax expense.

Net Interest Income and Margin

The $1.7 million increase in net interest income for the three months ended March 31, 2026, versus the comparable 2025 quarter was due to improvement in the Company's net interest margin to 2.96% in the 2026 quarter from 2.68% in the comparable 2025 quarter. The cost of interest-bearing liabilities decreased to 3.51% in the 2026 quarter from 4.01% in the comparable 2025 quarter, a decrease of 50 basis points. This decrease was partially offset by a 17 basis point decrease in the yield on interest earning assets to 5.84% in the 2026 quarter from 6.01% in the first quarter of 2025. Net interest income on a linked quarter basis increased $0.5 million or 3.36%, resulting from a 16 basis point decrease in cost of interest-bearing liabilities.

The following table, "Net Interest Income Analysis", presents for the three months ended March 31, 2026 and 2025, 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, 2026 and 2025
(dollars in thousands)

	2026			2025		
	Average Balance	Interest	Average Yield/Cost[1]	Average Balance	Interest	Average Yield/Cost[1]
Assets:						
Interest-earning assets						
Loans[2]	$ 2,006,288	$ 29,618	5.99 %	$ 1,989,796	$ 29,984	6.11 %
Investment securities	101,028	1,371	5.50 %	85,839	1,186	5.60 %
Interest-earning cash	126,984	1,164	3.72 %	133,458	1,482	4.50 %
FHLB stock and other investments	7,491	139	7.53 %	8,014	185	9.36 %
Total interest-earning assets	2,241,791	32,292	5.84 %	2,217,107	32,837	6.01 %
Non interest-earning assets:						
Cash and due from banks	11,952			9,504		
Other assets	54,098			49,695		
Total assets	$ 2,307,841			$ 2,276,306		
Liabilities and stockholders' equity:						
Interest-bearing liabilities						
Savings, NOW and money market deposits	$ 1,234,058	$ 9,552	3.14 %	$ 1,217,429	$ 11,455	3.82 %
Time deposits	481,389	4,730	3.98 %	490,979	5,320	4.39 %
Total interest-bearing deposits	1,715,447	14,282	3.38 %	1,708,408	16,775	3.98 %
Borrowings	93,583	955	4.14 %	108,972	1,107	4.12 %
Subordinated debentures	32,517	693	8.64 %	24,693	326	5.35 %
Total interest-bearing liabilities	1,841,547	15,930	3.51 %	1,842,073	18,208	4.01 %
Demand deposits	234,743			211,028		
Other liabilities	28,536			24,726		
Total liabilities	2,104,826			2,077,827		
Stockholders' equity	203,015			198,479		
Total liabilities and stockholders' equity	$ 2,307,841			$ 2,276,306		
Net interest rate spread[3]			2.33 %			2.00 %
Net interest income/margin[4]		$ 16,362	2.96 %		$ 14,629	2.68 %

(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 provision for credit losses of $530 thousand (including a $30 thousand provision for credit losses on unfunded commitments) for the three months ended March 31, 2026, versus $600 thousand in the quarter ended March 31, 2025. Net charge-offs of $45 thousand were incurred during the quarter ended March 31, 2026. The March 31, 2026 allowance for credit losses was $19.1 million versus $18.7 million at December 31, 2025. The allowance for credit losses as a percentage of total loans was 0.96% at March 31, 2026 and 0.93% at December 31, 2025. (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 $0.7 million at March 31, 2026 and $0.6 million at December 31, 2025. 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 decreased by $1.0 million for the three months ended March 31, 2026 versus the comparable 2025 quarter. The decrease in non-interest income is primarily related to the decrease in the net gain on sale of loans held for sale which was partially offset by an increase in service charges on deposit accounts.

Non-Interest Income
For the three months ended March 31, 2026 and 2025
(in thousands)

	Three months ended March 31,	
(in thousands)	**2026**	**2025**
Loan servicing and fee income	**$ 1,042**	$ 1,081
Service charges on deposit accounts	**250**	117
Net gain on sale of loans held for sale	**1,443**	2,352
Other income	**9**	182
Total non-interest income	**$ 2,744**	$ 3,732

Non-interest Expense

Total non-interest expense decreased by $0.4 million for the three months ended March 31, 2026 versus the comparable 2025 quarter. Salaries and employee benefits for the three months ended March 31, 2026 includes a severance benefit of approximately $2.2 million to the former President of the Company and the Bank whose last day of employment was March 31, 2026. Non-interest expense for the three months ended March 31, 2025 includes a $3.2 million core system conversion expenses.

Non-Interest Expense
For the three months ended March 31, 2026 and 2025
(in thousands)

	Three months ended March 31,	
(in thousands)	**2026**	**2025**
Salaries and employee benefits	**$ 10,127**	$ 7,232
Conversion expenses	—	3,180
Occupancy and equipment	**2,068**	1,836
Data processing	**422**	593
Professional fees	**906**	787
Federal deposit insurance premiums	**362**	337
Other expenses	**1,721**	2,031
Total non-interest expense	**$ 15,606**	$ 15,996

The Company recorded income tax expense of $1.1 million for an effective tax rate of 36.9% for the three months ended March 31, 2026, versus income tax expense of $0.2 million for an effective tax rate of 13.8% in the comparable 2025 quarter. Effective tax rate in the first quarter of 2026 is higher due to tax impact of the severance payment to the former President of the Bank and the Company. The lower effective tax rate in the first quarter of 2025 was due to the tax impact of the tax benefit from stock options that were exercised and the vesting of restricted stock.

Asset Quality - Total non-accrual loans at March 31, 2026 were $24.6 million, or 1.23% of total loans, compared to $21.6 million, or 1.08% of total loans at December 31, 2025, an increase of $3.0 million. The allowance for credit losses as a percentage of total non-accrual loans amounted to 78%, 87% and 196% at March 31, 2026, December 31, 2025 and March 31, 2025, respectively.

Total loans having credit risk ratings of Special Mention and Substandard were $57.4 million at March 31, 2026, versus $56.1 million at December 31, 2025. The Company's Special Mention and Substandard loans were comprised of residential real estate, multifamily, commercial real estate loans, commercial and industrial loans (including SBA facilities) and construction and land development loans at March 31, 2026. 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, 2026, the Company's allowance for credit losses amounted to $19.1 million or 0.96% of period-end total loans outstanding. The allowance as a percentage of loans outstanding was 0.93% at December 31, 2025 and 1.17% at March 31, 2025. The Company recorded net loan charge-offs of $45 thousand for the three months ended March 31, 2026. Net loan charge-offs of $454 thousand were recorded during the three months ended March 31, 2025.

The Company recorded a provision for credit losses of $530 thousand (including a $30 thousand provision for credit losses on unfunded commitments) for the three months ended March 31, 2026, versus $600 thousand recorded for the comparable period in 2025. Additional information regarding the ACL and the associated provisions recognized during the quarters ended March 31, 2026 and 2025 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, 2026 versus December 31, 2025 and March 31, 2025
(dollars in thousands)

	As of or for the three months ended		
	3/31/2026	12/31/2025	3/31/2025
Non-accrual loans	$ 24,586	$ 21,604	$ 11,697
Non-accrual loans held for sale	—	—	—
Loans greater than 90 days past due and accruing	—	—	—
Other real estate owned	650	650	—
Total non-performing assets [1]	$ 25,236	$ 22,254	$ 11,697
Loans held for sale	$ 16,296	$ 6,407	$ 16,306
Loans held for investment	1,992,694	2,000,749	1,960,674
Allowance for credit losses:			
Beginning balance	$ 18,694	$ 22,354	$ 22,779
Provision	500	5,925	600
Charge-offs	(58)	(9,590)	(471)
Recoveries	13	5	17
Ending balance	$ 19,149	$ 18,694	$ 22,925
Allowance for credit losses as a % of total loans [2]	0.96 %	0.93 %	1.17 %
Allowance for credit losses as a % of non-accrual loans [2]	78 %	87 %	196 %
Non-accrual loans as a % of total loans [2]	1.23 %	1.08 %	0.60 %
Non-performing assets as a % of total loans, loans held for sale and other real estate owned	1.26 %	1.11 %	0.59 %
Non-performing assets as a % of total assets	1.06 %	0.93 %	0.51 %
Non-performing assets to total loans held for sale and investment	1.26 %	1.11 %	0.59 %

(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, 2026 (dollars in thousands). The results are within the Company's policy limits.

At March 31, 2026							
Interest Rates (basis points)	Estimated EVE	Estimated Change in EVE		Interest Rates (basis points)	Estimated NII[1]	Estimated Change in NII[1]	
		Amount	%			Amount	%
+200	$ 195,309	$ (22,925)	(10.5)	+200	$ 65,316	$ (5,980)	(8.4)
+100	207,347	(10,887)	(5.0)	+100	68,581	(2,715)	(3.8)
0	218,234			0	71,296		
-100	235,605	17,371	8.0	-100	74,262	2,966	4.2
-200	259,643	41,409	19.0	-200	77,405	6,109	8.6
-300	280,551	62,317	28.6	-300	80,114	8,818	12.4

(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 l3a-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, 2025, as filed with the Securities and Exchange Commission.

ITEM 2. – UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(c) Issuer Purchases of Equity Securities

In October 2023, the Company announced the adoption of a new stock repurchase program of up to 366,050 shares of its common stock. The stock repurchase program may be suspended, terminated, or modified at any time for any reason, and has no termination date. As of March 31, 2026, 284,075 shares remained available for repurchase under the program. There were no repurchases of common stock during the quarter ended March 31, 2026.

ITEM 3. – DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. – MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. – OTHER INFORMATION

During the fiscal quarter ended March 31, 2026, none of our directors or officers informed us of the adoption or termination of a "Rule 10b5-1 trading arrangement or "non-Rule 10b5-1 trading arrangement," as those terms are defined in Item 408 of Regulation S-K.

ITEM 6. – EXHIBITS

4.1	Indenture, dated as of March 12, 2026, by and between Hanover Bancorp, Inc. and UMB Bank, N.A., as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 001-41384) filed on March 12, 2026)
4.2	Form of 7.25% Fixed-to-Floating Rate Subordinated Note due 2036 of Hanover Bancorp, Inc. (included in Exhibit 4.1)
10.1	Form of Subordinated Note Purchase Agreement, dated as of March 12, 2026, by and among Hanover Bancorp, Inc. and the several Purchasers identified therein (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-41384) filed on March 12, 2026)
10.2	Form of Registration Rights Agreement, dated as of March 12, 2026, by and among Hanover Bancorp, Inc. and the several Purchasers identified therein (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K (File No. 001-41384) filed on March 12, 2026)
10.3	Transition Agreement and General Release by and between Hanover Community Bank and McClelland Wilcox *
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)

* Management contract or compensatory plan, contract or arrangement.

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 8, 2026	/s/ Michael P. Puorro
	Michael P. Puorro Chairman, President & Chief Executive Officer (Principal Executive Officer)
Dated: May 8, 2026	/s/ Lance P. Burke
	Lance P. Burke Senior Executive Vice President & Chief Financial Officer (Principal Financial Officer)

TRANSITION AGREEMENT WITH GENERAL RELEASE OF CLAIMS

This Transition Agreement with General Release of Claims (this "**Agreement**") is being entered into by and between **Hanover Community Bank**, a New York state chartered commercial bank with its principal place of business located at 2131 Jericho Turnpike, Garden City, N.Y. 11040 (the "**Bank")** and **McClelland W. Wilcox**, an individual residing at 77 7th Avenue, 12M, New York, N.Y. ("**Executive**"). The Bank and Executive may hereafter be referred to individually as a "**Party**" or collectively as the "**Parties**."

WHEREAS, Executive is currently serving as President of the Bank under the terms and conditions of his Second Amended and Restated Employment Agreement by and between Executive and the Bank executed on April 27, 2023, and originally effective as of August 27, 2020 ("Employment Agreement");

WHEREAS, Executive's employment with the Bank will terminate as part of a management restructuring initiative, effective on **March 31, 2026**, unless (i) the Executive resigns his employment for any reason or dies prior to March 31, 2026, or (ii) the Bank terminates Executive's employment due to Executive's Disability (as defined in Section 6(d) of the Employment Agreement) or for Cause (as defined in Section 6(a) of the Employment Agreement) prior to March 31, 2026 ("**Separation Date**");

WHEREAS, Executive will cease to be an officer of Hanover Bancorp, Inc. ("Company") as of Executive's Separation Date;

WHEREAS, Executive is entitled to the severance benefits provided under his Employment Agreement, subject to the execution and non-revocation of this Agreement and "Supplemental Release" (as defined in Section 12); and

WHEREAS, the purpose of this Agreement is, in part, to memorialize the agreement between the Parties and to resolve any and all claims, disputes and other matters that may exist between them, if any, whether they have been raised or not.

NOW, THEREFORE, for and in consideration of the mutual promises contained herein, and for other good and sufficient consideration, receipt of which is hereby acknowledged, and intending to be legally bound, the Parties agree as follows:

1. Separation from Service and Accrued Benefits.

(a) Executive shall separate from his employment with the Bank and cease to be an officer of the Company on his Separation Date.

(b) The Parties agree that: (i) Executive shall receive his base salary through his Separation Date, less all withholdings and deductions required by law, in accordance with the Bank's normal pay procedures; (ii) except as otherwise provided in this Agreement, Executive will be entitled to receive all perquisites currently provided to the senior executive management team through his Separation Date; (iii) Executive shall be entitled to any fully vested and non-forfeitable benefits under the terms and conditions of applicable benefit plans or programs as of his Separation Date; and (iv) Executive shall be reimbursed for approved expenses that Executive has submitted in Executive's final expense report, if any, and that the Bank determines are reimbursable under applicable Bank policies and procedures, and Executive acknowledges that the Bank does not owe him any other expense reimbursements. The Executive's final expense report must be submitted to the Bank within three (3) business days following his Separation Date.

(c) As of his Separation Date, all base salary payments to Executive will cease and any benefits Executive had as of his Separation Date under Bank provided benefit plans, programs, or practices will terminate in accordance with the terms of the respective arrangements, except as required by federal or state law or as otherwise specifically set forth in this Agreement. Other than the accrued obligations noted above, Executive will not be eligible for, nor shall he have a right to receive, any payments or benefits from the Bank following his separation from service, other than as set forth in his equity award agreements, any tax-qualified retirement plan sponsored by the Bank or Hanover Bancorp, Inc. (the "Company") in which the Executive is a participant as of his Separation Date.

(d) Executive acknowledges and agrees that the payments and benefits referred to in Section 1 of this Agreement represent all compensation and benefits due and owing to Executive as a result of Executive's service with the Bank and the Company. Executive further agrees that the additional benefits referred to in Section 2 are consideration for Executive's promises contained in this Agreement and that the additional benefits are above and beyond any wages, salary, or other sums or benefits to which Executive is entitled from the Company or the Bank under the terms of Executive's employment or any other source of entitlement.

(e) Notwithstanding the foregoing, Executive acknowledges and agrees that he has no rights to a benefit under the Hanover Community Bank Executive Annual Incentive Plan ("cash bonus plan") for the 2025 calendar year or any portion of the 2026 calendar year.

2. Severance Benefits.

(a) Subject to, and as consideration for, the execution and non-revocation of this Agreement and the Supplemental Release attached hereto as Exhibit A, Executive shall receive, as severance, the following amounts in a lump sum cash payment, less applicable withholding.

- **$1,150,000.00** (two times Executive's current base salary ($575,000));
- **$ 440,408.00** (two times the highest cash bonus paid over past three years (STI) ($220,204); and
- **$ 549,985.60** (two times full grant date fair value of any equity award granted over the past three years (LTIP) $274,992.80 (RSU/PSU)

(b) Executive shall receive the payments set forth in Section 2(a) above on **October 2, 2026** ("**Payment Date**"), which is the first business day after the six-month anniversary of the Separation Date. Other than in the event of Executive's death, under no circumstances shall the payments set forth in Section 2(a) above be remitted to Executive prior to the Payment Date.

(c) In addition, in accordance with Schedule I of this Agreement, the Bank will continue the Executive's health insurance benefits under the terms and conditions in effect as of his Separation Date for the earlier of: (i) twenty-four (24) months from his Separation Date or (ii) the Executive's employment by another employer that provides similar benefits.

(d) Executive will receive a lump sum cash payment of $10,000 (equal to the cost of life insurance premiums for twenty-four months), less applicable withholding, in the first regularly scheduled Bank payroll following the Effective Date of Supplemental Release.

3. General Release.

The Executive, for himself, his heirs, successors and assigns, does hereby generally and completely waive, release and forever discharge, the Bank and the Company, and all the Bank and Company representatives, officers, directors, employees and affiliates, and each and every successor, assign and agent (the "Releases"), from and against any and all claims. As used herein, "claims" means any and all matters relating to the Employment Agreement, including, but not limited to, any and all claims related to Executive's service as an employee, officer or director of the Company or the Bank or any subsidiary or affiliate of the Company or the Bank through the Effective Date of this Agreement or arising from or related to Executive's service with the Company or the Bank, and any and all claims, debts, liabilities, demands, obligations, promises, acts, agreements, costs, expenses, damages, actions, and causes of actions, whether in law or in equity, whether known or unknown, suspected or unsuspected, arising from Executive's employment or service with the Company or the Bank or any subsidiary or affiliate thereof, and, except as set forth below, also includes but is not limited to: (i) claims under federal, state or local law (statutory or decisional) for breach of contract, tort, wrongful or abusive or unfair discharge or dismissal, impairment of economic opportunity or defamation, breach of fiduciary duty, intentional infliction of emotional distress, or discrimination based upon race, color, ethnicity, sex, age, national origin, religion, disability, sexual orientation or any other unlawful criterion or circumstance; (ii) claims for compensation, bonuses or benefits; (iii) claims under any employment letter, service agreement, severance program, compensation, bonus, incentive, deferred retirement, health, welfare or benefit plan or arrangement maintained by the Company or the Bank; (iv) claims for sexual harassment; (v) claims related to whistle blowing; (vi) claims for punitive, incidental, indirect, consequential, special or exemplary damages; (vii) claims for violations of any of the following laws (as amended) from the beginning of time to the Effective Date of this Agreement: the Equal Pay Act, the Civil Rights Act of 1866, 42 U.S.C. § 1981, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991 as amended, the Equal Pay Act, the Genetic Information and Discrimination Act, the Americans with Disabilities Act of 1991, the Worker Adjustment Retraining and Notification Act, 29 U.S.C. § 2101, *et seq.*, the Family and Medical Leave Act of 1993, the Rehabilitation Act, Executive Order 11246, all claims and damages relating to race, sex, national origin, disabilities, religion, sexual orientation, and age, all employment discrimination claims arising under similar state, country or city statutes, any claims for unpaid compensation, wages and bonuses under the federal Fair Labor Standards Act, 29 U.S.C. § 201, *et seq.*, any and all claims for violation of Code Section 409A, or any state, county or city law or ordinance regarding wages or compensation, and (viii) claims for violations of any other applicable labor or employment statute or law, state or federal, from the beginning of time to the Effective Date of this Agreement. In addition, Executive waives any and all rights under the laws of any jurisdiction in the United States that limit a general release to those claims that are known or suspected to exist in Executive's favor as of the Effective Date of this Agreement. The foregoing list is meant to be illustrative rather than exclusive.

Without in any way limiting the foregoing general release, this release also includes all claims for compensatory damages, punitive damages, attorney's fees, salary and any payments described in the Employment Agreement.

Except as may be necessary to enforce this Agreement, and to the fullest extent permitted by law, Executive agrees not to permit, authorize, initiate, join or continue any lawsuit, administrative charges or complaints, arbitrations or proceedings (collectively, "Proceedings") against any of the Releasees based in whole or in part on any Claim covered by this release.

Notwithstanding the generality of the foregoing Release, nothing herein constitutes a release or waiver by Executive of, or prevents Executive from making or asserting: (i) any claim or right Executive may have under COBRA; (ii) any claim or right Executive may have for unemployment insurance or workers' compensation benefits (other than for retaliation under workers' compensation laws); (iii) any claim to vested benefits under the written terms of a qualified defined benefit or defined contribution pension plan, non-qualified deferred compensation plan or equity incentive plan in which Executive participated in as of his Separation Date; (iv) any claim for indemnity under the Company's certificate of incorporation and bylaws or to coverage under any directors' and officers' insurance policies; (v) any medical claim incurred during Executive's employment that is payable under applicable medical plans or an employer-insured liability plan; (vi) any claim or right that may arise after the Effective Date of this Agreement; or (vii) any claim or right that is not otherwise able to be waived under applicable law.

In addition, nothing herein shall prevent Executive from filing a charge or complaint with the Equal Employment Opportunity Commission ("**EEOC**") or similar federal or state fair employment practices agency or interfere with Executive's ability to participate in any investigation or proceeding conducted by such agency; provided, however, that Executive hereby waives any right to recover monetary damages or any other form of personal relief from the Releasees to the extent any such charge, complaint, investigation or proceeding asserts a claim subject to the release in this Agreement.

Executive represents and warrants that to the extent it is determined that any aspect or portion of this Agreement, including any aspect or portion of the release in this Agreement, requires the approval of any court, agency or other body to be effective, that he will cooperate fully with the Bank to secure that approval, and if requested will join in and support any such request for approval.

4. **No Admission.** The Parties agree that nothing contained in this Agreement shall constitute or be treated as an admission of liability or wrongdoing by either of them or any of the other Releasees.

5. **Confidential and/or Proprietary Information**. Executive acknowledges that during his employment, Executive learned (and/or may learn) and came into contact with (and/or will come in contact with), certain confidential and/or proprietary information and trade secrets of the Company and the Bank and their respective affiliates and subsidiaries (collectively, "**Confidential Information**"). Executive acknowledges that Confidential Information includes, without limitation, trade secrets, client lists and information, personnel information, financial data, long range or short-range plans, or other data and information concerning the Company or the Bank or the affairs that the Company or the Bank has not previously disclosed to the public, and any confidential information of others provided to the Company or the Bank. Confidential Information includes information in any form, whether tangible or intangible, including without limitation all notes, records, drawings, handbooks, manuals, policies, contracts, memoranda, other documents, software, electronic files, discs, drives, other electronic data and tapes. Executive agrees that Confidential Information is and shall remain the exclusive property of the Company and the Bank, and Executive shall not disclose to any person or entity, use for his own benefit, copy, or make notes of any Confidential Information, except as and only to the extent expressly authorized by an officer of the Company or the Bank (other than Executive), in writing.

Executive acknowledges that a breach or threatened breach of the terms of this confidentiality provision by Executive would result in material and irreparable injury to the Company and the Bank, and that it would be difficult or impossible to establish the full monetary value of such damage. Therefore, in addition to any other legal or equitable relief a court may award, the Company and the Bank shall be entitled to injunctive relief in the event of Executive breaches or threatens to breach any of the terms contained in this provision concerning Confidential Information.

Notwithstanding the foregoing, notice is hereby provided that, in accordance with the Defend Trade Secrets Act of 2016, Executive is immune from liability and shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret (as that term is defined in the Defend Trade Secrets Act of 2016) that is made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney if such disclosure (a) is made solely for the purpose of reporting or investigating a suspected violation of law or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

6. Return of Information and Property. No later than the Separation Date, or earlier upon the request of the Company, Executive agrees to promptly return and represent he has returned to the Bank all information, property, and supplies belonging to the Bank, including without limitation any keys, laptop, computer and related equipment, security card and the originals and all copies of all files, materials, or documents (whether in tangible or electronic form) containing proprietary or Confidential Information or otherwise relating to the Company's business, as well as any log-in credentials needed to access websites or accounts relating to the Company's business.

7. Restrictive Covenants.

(a) The Executive will refrain from taking actions or making statements, written or oral, in any medium (including social media) which disparage or defame the goodwill, character, competence, or reputation of the Company or the Bank or their current, past and future directors, officers, employees, shareholders, principals, agents, or independent contractors. Executive understands that this non-disparagement provision does not apply on occasions when Executive is subpoenaed or ordered by a court or other governmental authority to testify or give evidence and must, of course, respond truthfully, to conduct otherwise protected by the Sarbanes-Oxley Act in the context of enforcing the terms of this Agreement or other rights, powers, privileges, or claims not released by this Agreement. Executive also understands that the foregoing non-disparagement provision does not apply on occasions when Executive provides truthful information in good faith to any federal, state, or local governmental body, agency, or official investigating an alleged violation of any antidiscrimination or other employment-related law or otherwise gathering information or evidence pursuant to any official investigation, hearing, trial, or proceeding. Nothing in this non-disparagement provision is intended in any way to intimate, coerce, deter, persuade, or compensate Executive with respect to providing, withholding, or restricting any communication whatsoever to the extent prohibited under 18 U.S.C. §§ 201, 1503, or 1512 or under any similar or related provision of state or federal law. In addition, nothing in this provision is intended to require Executive to provide notice to the Bank or its attorneys before reporting any possible violations of federal law or regulation to any governmental agency or entity ("Whistleblower Disclosures"), and Executive is not required to notify the Bank or its attorneys that Executive has made any such Whistleblower Disclosures.

(b) Executive agrees for one year following his Separation Date (the "Non-Solicit Period"), he shall not directly or indirectly (i) recruit, solicit or otherwise induce or attempt to induce any employees of the Company or any of its subsidiaries (including the Bank) to leave their employment or (ii) call upon, solicit, divert or take away, or attempt to divert or take away, the business or patronage of any client, customer licensee, vendor, collaborator or corporate partner (including brokers) of the Company or any of its subsidiaries that had a business relationship with the Company or any of its subsidiaries at the time of termination of the Executive's employment with the Company or any of its subsidiaries or six months prior thereto. The Executive acknowledges that, in the event of any such breach by the Executive of the non-solicitation provisions above, the Company and/or its subsidiaries would be harmed irreparably and immediately and could not be made whole by monetary damages. Accordingly, the Company and/or its subsidiaries, in addition to any other remedy to which any of them may be entitled, shall be entitled to an injunction or injunctions to prevent breaches of such provisions and to compel specific performance of the provisions hereof. If any provision of this Agreement is found to be unenforceable, then it is the intention of the Parties that the remainder of this Agreement shall be unaffected and the provision found to be unenforceable shall be deemed modified to the extent deemed necessary by the court to render them reasonable and enforceable and that the court enforce them to such extent (for example, that the Non-Solicit

Period be deemed to be the longest period permissible by law, but not in excess of the length provided above).

8. Acknowledgment and Affirmations.

(a) Executive affirms that Executive has not filed, or caused to be filed, and ~~or~~ presently is not a party to any claim against Releasees (excepting any Whistleblower Disclosures that Executive is not legally required to disclose) and that no such filings or claims are contemplated.

(b) Executive also affirms that Executive has received all compensation, wages, bonuses, commissions, and/or benefits which are due and payable as of the date Executive signs this Agreement.

(c) Executive affirms that Executive has been granted any leave to which Executive was entitled from Employer under the Family and Medical Leave Act or related state or local leave or disability accommodation laws.

(d) Executive further affirms that Executive has no known workplace injuries or occupational diseases.

(e) Executive also affirms that Executive has not misappropriated or improperly disclosed any financial, proprietary or confidential information of Employer and will continue to maintain the confidentiality of such information consistent with Employer's policies, Executive's agreement(s) with Employer and/or any applicable common law. This Agreement does not limit Executive from providing any documents to the U.S. Securities and Exchange Commission as part of a whistleblower action and/or a report of possible violations of any federal securities law.

(f) Executive further affirms that Executive has not been retaliated against for reporting any allegations of wrongdoing by Employer, its officers or any other Releasees identified in this Agreement, including any allegations of corporate fraud.

(g) Executive affirms that he is not currently receiving, has not received in the past, will not have received at the time of payment pursuant to this Agreement, is not entitled to, is not eligible for, and has not applied for or sought Social Security Disability benefits. In the event any statement in the first sentence of this Section is incorrect (for example, but not limited to, if Executive is a Social Security Disability beneficiary, etc.), the following sentences of this Section apply. Executive affirms, covenants, and warrants he has made no claim for illness or injury against, nor is he/she aware of any facts supporting any claim against, Releasees under which they could be liable for medical expenses incurred by him before or after the execution of this Agreement. Furthermore, he is aware of no medical expenses which Medicare has paid and for which Releasees are or could be liable now or in the future. Executive agrees and affirms that, to the best of his knowledge, no liens of any governmental entities, including those for Medicare conditional payments, exist. Executive will indemnify, defend, and hold Releasees harmless from Medicare claims, liens, damages, conditional payments, and rights to payment, if any, including attorneys' fees, and he/she further agrees to waive any and all future private causes of action for damages pursuant to 42 U.S.C. § 1395y(b)(3)(A) et seq.

9. Consideration Period. Since Executive is 40 years of age or older, he is hereby informed that he has or may have specific rights and/or claims under the ADEA.

(a) Executive acknowledges that he has been given at least twenty-one (21) days from the date he received this Agreement to consider this Transition Agreement, and that he is advised to consult

with an attorney of his own choosing prior to signing this Transition Agreement. If Executive wishes to accept the terms of this Agreement, he must sign and return the Agreement to
Lisa Kotliar via email at lkotliar@hanoverbank.com or by overnight delivery to 80 E Jericho Turnpike, Mineola, NY 11501.

(b) Executive is hereby advised that he may revoke this Agreement for a period of seven (7) days after he signs it, and this Agreement, including the release provided in Section 3 of this Agreement, shall not be effective or enforceable until the expiration of such seven (7) day revocation period. The twenty-one (21) day review period will not be affected or extended by any revisions, whether material or immaterial, that have been, or in the future might be made to this Transition Agreement.

(c) Executive acknowledges that he has carefully read and fully understands all of the provisions of this Transition Agreement, and he knowingly and voluntarily agrees to all of the terms set forth in this Transition Agreement.

(d) In entering into this Transition Agreement, Executive is not relying on any representation, promise or inducement made by the Releasees or their attorneys with the exception of those promises described in this document.

(e) If Executive signs this Agreement prior to the end of the twenty-one (21) day review period, he has done so voluntarily; and has seven (7) calendar days after executing this Agreement to revoke it by providing written notice of revocation either via email to or by overnight delivery to no later than 11:59 p.m. on the seventh (7th) calendar date after Executive has signed this Agreement. Executive further understands that if he revokes the Agreement, it shall be null and void and of no force or effect on either Executive or the Company or the Bank. This Agreement is not effective or enforceable until after the seven (7)-day period expires without revocation (the "**Effective Date**"), and the promises of the Bank and the Company under this Agreement will arise only after this time. Further, as detailed in Section below, the obligations of the Bank and the Company to provide Executive with the benefits described in Sections 2 of this Agreement will arise only after the Supplemental Release is effective.

10. Additional Provisions.

(a) The Parties represent and acknowledge that in executing this Agreement they do not rely and have not relied upon any representation or statement, other than those contained in this Agreement, made by the other Party or their respective agents, representatives or attorneys with regard to the subject matter, basis or effect of this Agreement or otherwise. This Agreement contains the entire agreement between the Parties relating to the subject matter of this Agreement and may not be altered or amended except by an instrument in writing signed by both Parties.

(b) Neither the waiver by either Party of a breach of or default under any of the provisions of this Agreement, nor the failure of such Party, on one or more occasions, to enforce any of the provisions of this Agreement or to exercise any right or privilege hereunder shall be construed as a waiver of any subsequent breach or default of a similar nature, or as a waiver of any provisions, rights or privileges hereunder. If any part, term or provision of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, unenforceable or otherwise in conflict with law, the validity of the remaining parts, terms or provisions shall not be affected, provided that if a court finds that the release language is unenforceable, the Parties shall, in good faith, rewrite (or, if they cannot agree, ask the court to rewrite) the offending language to cure the defect in a reasonable manner that maintains the intended status quo as closely as possible. This Agreement shall extend to, be binding upon, and inure to the benefit of the Parties, and their respective successors, heirs, and assigns, provided that this Agreement may not be assigned by Executive without the Company's written consent.

(c) This Agreement shall be governed and conformed in accordance with the laws of the State of New York. In the event of a breach of any provision of this Agreement, either party may institute an action specifically to enforce any term or terms of this Agreement and/or to seek any damages for the breach. Should any provision of this Agreement be declared illegal or unenforceable by any court of competent jurisdiction and cannot be modified to be enforceable, excluding the general release language, such provision shall immediately become null and void, leaving the remainder of this Agreement in full force and effect. If the general release language is found to be illegal or unenforceable, Executive agrees to execute a binding replacement release.

(d) This Agreement may be executed electronically and may be executed in counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same written agreement, which shall be binding and effective as to all Parties.

(e) The language of all parts of this Agreement shall in all cases be construed as a whole, according to its fair meaning, and not strictly for or against either of the Parties. The Whereas recitals in this Agreement are intended to be material terms of this Agreement. There shall be no presumption or construction against the party who caused this Agreement to be drafted.

(f) Following the Separation Date, Executive agrees to cooperate fully with the Company and the Bank in any matters that have given, or may give, rise to a legal claim against the Company and of which he is knowledgeable as a result of his employment with the Bank. This requires Executive, without limitation, to (a) make himself available upon reasonable request and notice to provide information and assistance to the Company on such matters without additional compensation (including but not limited to preparing discovery responses, and preparing for and attending depositions, mediations, and trial), (b) maintain the confidentiality of all Company privileged or confidential information including, without limitation, attorney-client privileged communications and attorney work product, unless disclosure is required by law or is expressly authorized by the Company, and (c) notify the Company promptly of any requests to him for information related to any pending or potential legal claim or litigation involving the Company, reviewing any such request with a designated representative of the Company prior to disclosing any such information, and permitting a representative of the Company to be present during any communication of such information. The Company and/or the Bank shall reimburse Executive for all reasonable expenses incurred in connection with any such cooperation.

11. Section 409A. It is intended that all payments made under the terms of this Transition Agreement come within exceptions to Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A") as short-term deferrals or as payments of separation pay upon an involuntary separation of service. The Transition Agreement and all related documents shall be interpreted and administered in accordance with that intention. However, if any amount payable under this Transition Agreement is determined to be subject to Section 409A then such payments shall be administered in accordance with Section 409A, provided that the Company and the Bank shall not be liable for any failures under this Section 11 that result in any taxes or other amounts due under the terms of Section 409A. Each payment under this Agreement shall be considered a separate payment for purposes of Section 409A. To the extent that any payment or benefit described in this Transition Agreement constitutes "non-qualified deferred compensation" under Section 409A of the Code, and to the extent that such payment or benefit is payable upon the Executive's termination of employment, then such payments or benefits shall be payable only upon the Executive's "separation from service." The determination of whether and when a separation from service has occurred shall be made in accordance with the presumptions set forth in Treasury Regulation Section 1.409A 1(h). To the extent any amount subject to Section 409A is to be paid or provided to the Executive in connection with a separation from service at a time when he is considered a specified employee within the meaning of Section 409A then such payment shall not be made until the date that is six months and one day following such separation from service, or in a lump sum upon his earlier death. If any payment subject to Section 409A is contingent on the delivery of a release by Executive and could occur in either of two years, the payment will occur in the later year. Nothing in this Agreement shall be construed as a guarantee of any particular tax treatment to Executive. Executive shall be solely responsible for the tax consequences with respect to all amounts payable under this agreement, and in no event shall the Company have any responsibility or liability if this Agreement does not meet any applicable requirements of Section 409A.

12. **Supplemental Release.** In consideration of the payments described in Section 2, Executive agrees to sign and return to Lisa Kotliar via email at lkotliar@hanoverbank.com or by overnight delivery to 80 E Jericho Turnpike, Mineola, NY 11501, the Supplemental Release Agreement attached hereto as Exhibit A on (but not before) his Separation Date. Executive agrees that the Company or the Bank may delay payments due and payable to Executive after his Separation Date until after the effective date of the Supplemental Release.

IN WITNESS HEREOF, THE PARTIES HAVE AGREED AND AFFIXED THEIR SIGNATURES BELOW:

HANOVER COMMUNITY BANK

By: /s/ **Michael P. Puorro** Date: 3/10/2026
Michael P. Puorro
Chairman & CEO

EXECUTIVE

/s/ **McClelland W. Wilcox** Date: 3/6/2026
McClelland W. Wilcox

Schedule I

The Bank shall continue to provide the Executive with the health insurance coverage he had as of his Separation Date, under the terms and conditions as of his Separation Date (25%/75%). The Executive will be required to pay 25% of the health insurance premiums as a reimbursement to the Bank on the first day of each month following the Separation Date. The Bank's Human Resources Department will notify the Executive as to the amounts due and owing to the Bank for each month. These amounts may vary due to increases in premiums. The Bank may elect to provide continued insurance coverage through COBRA.

Exhibit A

SUPPLEMENTAL RELEASE AGREEMENT

March 31, 2026

Mr. Wilcox

Re: Supplemental Release Agreement

Dear Mac:

This is the Supplemental Release Agreement ("Supplemental Release") that you have agreed to provide to Hanover Community Bank (the "Bank") and its affiliates, including Hanover Bancorp, Inc. (the "Company").

For and in consideration of the payments described in Section 2 of the Transition Agreement and General Release ("Agreement") between you and the Bank that was entered into in March 10, 2026 (which is hereby incorporated by reference), you on your own behalf and on the behalf of your agents, heirs, executors, administrators, representatives, attorneys, successors and assigns, hereby release~~s~~ and forever discharge~~s~~ the Company and its current, past and future parents, subsidiaries, divisions and affiliates, and each of their directors, officers, employees, shareholders, principals, agents, independent contractors, benefit plans, insurers, and re-insurers, and each of their heirs, successors and assigns (the "Releasees"), of and from any and all claims, promises, damages, and actions of any nature, whether in tort, contract, by statute, or on any other basis, whether in law or in equity, whether known or unknown, (collectively, "Claims"), which you may have against them arising prior to the Effective Date of the Supplemental Release.

Without in any way limiting the foregoing general release, you hereby generally and completely waive, release and forever discharge, the Bank and the Company, and all the Bank and Company representatives, officers, directors, employees and affiliates, and each and every successor, assign and agent (the "Releases"), from and against any and all claims. As used herein, "claims" means any and all matters relating to the Employment Agreement, including, but not limited to, any and all claims related to Executive's service as an employee, officer or director of the Company or the Bank or any subsidiary or affiliate of the Company or the Bank through the Effective Date of this Agreement or arising from or related to Executive's service with the Company or the Bank, and any and all claims, debts, liabilities, demands, obligations, promises, acts, agreements, costs, expenses, damages, actions, and causes of actions, whether in law or in equity, whether known or unknown, suspected or unsuspected, arising from Executive's employment or service with the Company or the Bank or any subsidiary or affiliate thereof, and, except as set forth below, also includes but is not limited to: (i) claims under federal, state or local law (statutory or decisional) for breach of contract, tort, wrongful or abusive or unfair discharge or dismissal, impairment of economic opportunity or defamation, breach of fiduciary duty, intentional infliction of emotional distress, or discrimination based upon race, color, ethnicity, sex, age, national origin, religion, disability, sexual orientation or any other unlawful criterion or circumstance; (ii) claims for compensation, bonuses or benefits; (iii) claims under any employment letter, service agreement, severance program, compensation, bonus, incentive, deferred retirement, health, welfare or benefit plan or arrangement maintained by the Company or the Bank; (iv) claims for sexual harassment; (v) claims related to whistle blowing; (vi) claims for punitive, incidental, indirect, consequential, special or exemplary damages; (vii) claims for violations of any of the following laws (as amended) from the beginning of time to the Effective Date of this Agreement: the Equal Pay Act, the Civil Rights Act of 1866, 42 U.S.C. § 1981, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991 as amended, the Equal Pay Act, the Genetic Information and Discrimination Act, the Americans with Disabilities Act of 1991, the Worker Adjustment Retraining and Notification Act, 29 U.S.C. § 2101, *et seq.*, the Family and Medical Leave Act of 1993, the Rehabilitation Act, Executive Order 11246, all claims and damages relating to race, sex, national origin, disabilities, religion, sexual orientation, and age, all employment discrimination claims arising under similar state, country or city statutes, any claims for unpaid compensation, wages and bonuses under the federal Fair Labor Standards Act, 29 U.S.C. § 201, *et seq.*, any and all claims for violation of Code Section 409A, or any state, county or city law or ordinance regarding wages or compensation, and (viii) claims for violations of any other applicable labor or employment statute or law, state or federal, from the beginning of time to the Effective Date of this Agreement. In addition, Executive waives any and all rights under the laws of any jurisdiction in the United States that limit a general release to those claims that are known or suspected to exist in Executive's favor as of the Effective Date of this Agreement. The foregoing list is meant to be illustrative rather than exclusive.

Except as may be necessary to enforce this Agreement, and to the fullest extent permitted by law, you agrees not to permit, authorize, initiate, join or continue any lawsuit, administrative charges or complaints, arbitrations or proceedings (collectively, "Proceedings") against any of the Releasees based in whole or in part on any Claim covered by this release.

Notwithstanding the generality of the foregoing Release, nothing herein constitutes a release or waiver by you of, or prevents you from making or asserting: (i) any claim or right you may have under COBRA; (ii) any claim or right you may have for unemployment insurance or workers' compensation benefits (other than for retaliation under workers' compensation laws); (iii) any claim to vested benefits under the written terms of a qualified defined benefit or defined contribution pension plan, non-qualified deferred compensation plan or equity incentive plan in which you participated in as of March 31, 2026 (your "Separation Date"); (iv) any claim for indemnity under the Company's certificate of incorporation and bylaws or to coverage under any directors' and officers' insurance policies; (v) any medical claim incurred during your employment that is payable under applicable medical plans or an employer-insured liability plan; (vi) any claim or right that may arise after the Effective Date of this Agreement; or (vii) any claim or right that is not otherwise able to be waived under applicable law.

In addition, nothing herein shall prevent you from filing a charge or complaint with the Equal Employment Opportunity Commission ("**EEOC**") or similar federal or state fair employment practices agency or interfere with your ability to participate in any investigation or proceeding conducted by such agency; provided, however, that you hereby waives any right to recover monetary damages or any other form of personal relief from the Releasees to the extent any such charge, complaint, investigation or proceeding asserts a claim subject to the release in this Supplemental Release.

You represent and warrant that to the extent it is determined that any aspect or portion of this Supplemental Release requires the approval of any court, agency or other body to be effective, that you will cooperate fully with the Bank or the Company to secure that approval, and if requested you will join in and support any such request for approval.

Without in any way limiting the foregoing general release, this release also includes all claims for compensatory damages, punitive damages, attorney's fees, salary and any payments described in the second Amended and Restated Employment Agreement by and between the Bank and Executive effective April 27, 2023, or other monies due.

Consideration Period. Because the arrangements discussed in this Supplemental Release affect important rights and obligations, we advise you to consult with an attorney before you agree to the terms set forth herein. You have more than twenty-one (21) days from the date you receive this Supplemental Release within which to consider it, but you may not sign it before your Separation Date. If you decide to accept the benefits offered herein, you must sign this Supplemental Release on (but not before)_your Separation Date and return it promptly to Lisa Kotliar via email at lkotliar@hanoverbank.com. If you do not wish to accept the terms of this Supplemental Release, you do not have to do anything.

Revocation Rights. For a period of up to and including seven (7) days after the date you sign this Supplemental Release, you may revoke it entirely. No rights or obligations contained in this Supplemental Release shall become enforceable before the end of the 7-day revocation period. If you decide to revoke the Supplemental Release, you must deliver to Lisa Kotlier via email at lkotliar@hanoverbank.com a signed notice of revocation on or before the last day of this 7-day period. If you do not revoke this Supplemental Release, it will become effective and irrevocable after the expiration of the seven (7) revocation period (the Effective Date of the Supplemental Release).

Acknowledgments. Your signature below will be an acknowledgment that no other promise or agreement of any kind has been made to you by the Bank to cause you to execute this Supplemental Release, that you had more than twenty-one (21) days to review this Supplemental Release and were advised to consult with an attorney or other person of your choosing about its terms before signing it, that the only consideration for your signature is as indicated above, that you fully understand and accept this Supplemental Release, that you are not coerced into signing it, and that you signed it knowingly and voluntarily because it is satisfactory to you.

I have carefully read the above Supplemental Release, understand the meaning and intent thereof, and voluntarily agree to its terms this 31st day of March, 2026.

/s/ McClelland W. Wilcox
McClelland W. Wilcox (*not valid if signed before your Separation Date)*

EXHIBIT 31.1

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 8, 2026
/s/ Michael P. Puorro
Michael P. Puorro
Chairman, President & Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

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 8, 2026
/s/ Lance P. Burke
Lance P. Burke
Senior Executive Vice President & Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

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

I, Michael P. Puorro, Chairman, President & 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, 2026 (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 8, 2026
/s/ Michael P. Puorro
Michael P. Puorro
Chairman, President & Chief Executive Officer
(Principal Executive Officer)

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, Senior 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, 2026 (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 8, 2026
/s/ Lance P. Burke
Lance P. Burke
Senior Executive Vice President & Chief Financial Officer
(Principal Financial Officer)