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

FORM 10-Q

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

For the quarterly period ended March 31, 2025

OR

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

For the transition period from _____ to _____

PIONEER BANCORP, INC.

(Exact Name of Company as Specified in its Charter)

Maryland
(State of Other Jurisdiction of
Incorporation)

001-38991
(Commission File No.)

83-4274253
(I.R.S. Employer Identification No.)

652 Albany Shaker Road, Albany, New York 12211
(Address of Principal Executive Office) (Zip Code)

(518) 730-3025
(Issuer's Telephone Number including area code)

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$0.01	PBFS	The Nasdaq Stock Market, LLC

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 (Section 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 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 ☒

As of May 6, 2025 there were 25,853,091 shares outstanding of the registrant's common stock.

PIONEER BANCORP, INC.
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PART I - FINANCIAL INFORMATION

Item 1 – Consolidated Financial Statements

PIONEER BANCORP, INC.

CONSOLIDATED STATEMENTS OF CONDITION (unaudited)

(in thousands, except share and per share amounts)

	March 31, 2025	December 31, 2024
Assets		
Cash and due from banks	\$ 29,185	\$ 25,650
Federal funds sold	1,770	3,644
Interest-earning deposits with banks	108,671	67,227
Cash and cash equivalents	139,626	96,521
Securities available for sale, at fair value	311,030	321,537
Securities held to maturity, net of allowance for credit losses of \$275 at March 31, 2025 and \$216 at December 31, 2024 (fair value of \$28,335 at March 31, 2025 and \$22,457 at December 31, 2024)	31,437	25,400
Federal Reserve Bank of New York and Federal Home Loan Bank of New York stock	3,608	5,283
Loans receivable	1,509,986	1,456,329
Allowance for credit losses	(22,810)	(21,754)
Net loans receivable	1,487,176	1,434,575
Accrued interest receivable	8,379	7,937
Premises and equipment, net	35,810	35,480
Bank-owned life insurance	15,926	15,956
Goodwill	10,879	10,879
Other intangible assets, net	2,584	2,705
Other assets	22,530	23,457
Total assets	<u>\$ 2,068,985</u>	<u>\$ 1,979,730</u>
Liabilities and Shareholders' Equity		
Liabilities		
Deposits:		
Non-interest bearing deposits	\$ 509,334	\$ 454,296
Interest bearing deposits	1,212,313	1,131,887
Total deposits	1,721,647	1,586,183
Mortgagors' escrow deposits	6,508	8,097
Borrowings from Federal Home Loan Bank of New York	—	40,000
Other liabilities	30,129	40,897
Total liabilities	<u>1,758,284</u>	<u>1,675,177</u>
Commitments and contingent liabilities – See Note 8		
Shareholders' Equity		
Preferred stock (\$0.01 par value, 5,000,000 shares authorized, no shares issued or outstanding as of March 31, 2025 and December 31, 2024)	—	—
Common stock (\$0.01 par value, 75,000,000 shares authorized 25,853,091 and 25,978,904 shares issued and outstanding as of March 31, 2024 and December 31, 2024, respectively)	258	260
Additional paid in capital	114,441	114,113
Retained earnings	198,381	194,188
Unallocated common stock of Employee Stock Ownership Plan ("ESOP")	(9,380)	(9,551)
Accumulated other comprehensive income	7,001	5,543
Total shareholders' equity	310,701	304,553
Total liabilities and shareholders' equity	<u>\$ 2,068,985</u>	<u>\$ 1,979,730</u>

See accompanying notes to unaudited consolidated financial statements.

PIONEER BANCORP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)
(in thousands, except share and per share amounts)

	For the Three Months Ended March 31,	
	2025	2024
Interest and dividend income:		
Loans	\$ 21,170	\$ 18,740
Securities	3,781	2,341
Interest-earning deposits with banks and other	897	2,034
Total interest and dividend income	25,848	23,115
Interest expense:		
Deposits	6,418	5,536
Borrowings and other	347	248
Total interest expense	6,765	5,784
Net interest income	19,083	17,331
Provision for credit losses	800	80
Net interest income after provision for credit losses	18,283	17,251
Noninterest income:		
Bank fees and service charges	1,364	1,501
Insurance and wealth management services	2,326	2,298
Net gain on equity securities	—	386
Other	35	49
Total noninterest income	3,725	4,234
Noninterest expense:		
Salaries and employee benefits	8,294	7,387
Net occupancy and equipment	1,948	1,912
Data processing	844	1,065
Advertising and marketing	243	164
Insurance premiums	251	221
Federal Deposit Insurance Corporation insurance premiums	225	271
Professional fees	1,935	3,102
Other	851	1,307
Total noninterest expense	14,591	15,429
Income before income taxes	7,417	6,056
Income tax expense	1,654	1,337
Net income	\$ 5,763	\$ 4,719
Net earnings per common share:		
Basic	\$ 0.23	\$ 0.19
Diluted	\$ 0.23	\$ 0.19
Weighted average shares outstanding – basic	24,812,752	25,220,299
Weighted average shares outstanding – diluted	24,937,030	25,220,299

See accompanying notes to unaudited consolidated financial statements.

PIONEER BANCORP, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (unaudited)
(in thousands)

	For the Three Months Ended March 31,	
	2025	2024
Net income	\$ 5,763	\$ 4,719
Other comprehensive income:		
Unrealized gains on securities:		
Unrealized holding gains arising during the period	2,112	433
Tax expense	553	114
	<u>1,559</u>	<u>319</u>
Defined benefit plans:		
Change in funded status of defined benefit plans	—	—
Reclassification adjustment for amortization of net actuarial gain	(137)	—
	<u>(137)</u>	<u>—</u>
Tax benefit	(36)	—
	<u>(101)</u>	<u>—</u>
Total other comprehensive income	1,458	319
Comprehensive income	<u>\$ 7,221</u>	<u>\$ 5,038</u>

See accompanying notes to unaudited consolidated financial statements.

PIONEER BANCORP, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited)
(in thousands, except share amounts)

	Common Stock		Additional	Retained	Unallocated	Accumulated Other	Total
	Shares	Amount	Paid in	Earnings	Common	Comprehensive	Shareholders'
			Capital		Stock of ESOP	Income	Equity
Balance as of January 1, 2024	25,977,679	\$ 260	\$ 113,432	\$ 180,156	(10,233)	\$ 181	\$ 283,796
Net income	—	—	—	4,719	—	—	4,719
Other comprehensive income	—	—	—	—	—	319	319
ESOP shares committed to be released (12,729 shares)	—	—	(49)	—	171	—	122
Balance as of March 31, 2024	<u>25,977,679</u>	<u>\$ 260</u>	<u>\$ 113,383</u>	<u>\$ 184,875</u>	<u>\$ (10,062)</u>	<u>\$ 500</u>	<u>\$ 288,956</u>

	Common Stock		Additional	Retained	Unallocated	Accumulated Other	Total
	Shares	Amount	Paid in	Earnings	Common	Comprehensive	Shareholders'
			Capital		Stock of ESOP	Income	Equity
Balance as of January 1, 2025	25,978,904	\$ 260	\$ 114,113	\$ 194,188	\$ (9,551)	\$ 5,543	\$ 304,553
Net income	—	—	—	5,763	—	—	5,763
Other comprehensive income	—	—	—	—	—	1,458	1,458
ESOP shares committed to be released (12,729 shares)	—	—	(23)	—	171	—	148
Stock-based compensation expense	—	—	351	—	—	—	351
Restricted stock awards granted	5,000	—	—	—	—	—	—
Repurchases of common stock	(130,813)	(2)	—	(1,570)	—	—	(1,572)
Balance as of March 31, 2025	<u>25,853,091</u>	<u>\$ 258</u>	<u>\$ 114,441</u>	<u>\$ 198,381</u>	<u>\$ (9,380)</u>	<u>\$ 7,001</u>	<u>\$ 310,701</u>

See accompanying notes to unaudited consolidated financial statements.

PIONEER BANCORP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)
(in thousands)

	For the Three Months Ended March 31,	
	2025	2024
Cash flows from operating activities:		
Net income	\$ 5,763	\$ 4,719
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	583	639
Provision for credit losses	800	80
Net accretion on securities	(1,187)	(508)
ESOP compensation	148	122
Loss on bank-owned life insurance	30	93
Net gain on sale or write-down of other real estate owned	—	(54)
Loss on sale, disposal or impairment of premises and equipment, net	4	—
Net gain on equity securities	—	(386)
Stock-based compensation expense	351	—
Deferred tax benefit	(389)	(569)
Increase in accrued interest receivable	(442)	(10)
Decrease (increase) in other assets	680	(182)
Decrease in other liabilities	(9,868)	(641)
Changes in operating leases	1	4
Net cash (used in) provided by operating activities	(3,526)	3,307
Cash flows from investing activities:		
Proceeds from maturities, paydowns and calls of securities available for sale	61,589	28,174
Proceeds from sales of securities available for sale	—	—
Purchases of securities available for sale	(47,783)	(3,730)
Proceeds from maturities and paydowns of securities held to maturity	3,145	237
Purchases of securities held to maturity	(9,241)	—
Proceeds from sales of equity securities	—	3,149
Net redemptions (purchases) of FHLBNY and FRBNY stock	1,675	(175)
Net increase in loans receivable	(53,672)	(48,660)
Purchases of premises and equipment	(1,365)	(103)
Proceeds from sale of other real estate owned	—	106
Net cash used in investing activities	(45,652)	(21,002)
Cash flows from financing activities:		
Net increase in deposits	135,464	125,915
Net decrease in mortgagors' escrow deposits	(1,589)	(1,287)
FHLBNY repayment, net	(40,000)	—
Repurchase of common stock	(1,572)	—
Repayment of finance lease liability	(20)	(26)
Net cash provided by financing activities	92,283	124,602
Net increase in cash and cash equivalents	43,105	106,907
Cash and cash equivalents at beginning of period	96,521	139,634
Cash and cash equivalents at end of period	\$ 139,626	\$ 246,541
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	\$ 6,819	\$ 5,843
Income taxes	\$ —	\$ —
Non-cash investing and financing activity:		
Right of use assets obtained in exchange for new finance lease liabilities	\$ —	\$ 26

See accompanying notes to unaudited consolidated financial statements.

PIONEER BANCORP, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2025

1. NATURE OF OPERATIONS

Pioneer Bancorp, Inc. (the “Company”) is a mid-tier stock holding company whose wholly owned subsidiary is Pioneer Bank, National Association (the “Bank”). The Bank’s wholly owned subsidiaries are Pioneer Insurance Agency, Inc. and Pioneer Financial Services, Inc.

The Company provides diversified financial services through the Bank and its subsidiaries, with 23 offices in the Capital Region of New York State. The Company, through its subsidiaries, offers a broad array of deposit, lending, and other financial services to individuals, businesses, and municipalities.

The interim financial data as of March 31, 2025 and for the three months ended March 31, 2025 and 2024, respectively, is unaudited and reflects all normal recurring adjustments that are, in the opinion of management, necessary for a fair presentation of the results for the interim periods presented in conformance with accounting principles generally accepted in the United States of America (“GAAP”). The results of operations for the three months ended March 31, 2025 are not necessarily indicative of the results to be achieved for the remainder of fiscal 2025 or any other period.

These unaudited interim consolidated financial statements should be read in conjunction with the Company’s Transition Report on Form 10-KT, for the six months ended December 31, 2024.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of the Company, the Bank, and the Bank’s wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ substantially from those estimates. The allowance for credit losses, valuation of securities and other financial instruments, the funded status and expense of employee benefit plans, legal proceedings and other contingent liabilities, and the realizability of deferred tax assets are particularly subject to change.

Reclassifications

Amounts in the prior period’s consolidated financial statements are reclassified whenever necessary to conform to the current period’s presentation.

Adoption of Recent Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) No. 2023-09—Income Taxes (Topic 740)—Improvements to Income Tax Disclosures, to provide more transparency about income tax information through improvements to income tax disclosures. Specifically, the update requires enhancements to the rate reconciliation, including disclosure of specific categories and additional information for reconciling items meeting a quantitative threshold, and greater disaggregation of income tax disclosures related to income taxes paid. The amendments in this update are effective for fiscal years beginning after December 15, 2024. Other than

meeting the new disclosure requirements, the adoption of this guidance is not expected to have a material impact on the Company's consolidated financial statements.

In November 2023, the FASB issued ASU No. 2023-07 – Segment Reporting (Topic 280) – Improvements to Reportable Segment Disclosures, to improve the reportable segment disclosures by requiring disclosure of incremental segment information on an annual and interim basis. In addition, the amendments enhanced interim disclosure requirements, clarified circumstances in which an entity can disclose multiple segment measures of profit or loss, provided new segment disclosure requirements for entities with a single reportable segment and contained other disclosure requirements. The ASU did not change how a public entity identifies its operating segments or determines its reportable segments, or applies the quantitative thresholds to determine its reportable segments. The amendments in this ASU were effective for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Other than meeting the new disclosure requirements, the adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

The Company's reportable segments are determined by the Chief Executive Officer, who is designated as the chief operating decision maker, based on information provided about the Company's products and services offered. The Company's operations are primarily in the community banking industry and includes retail and commercial banking services. The Company also sells commercial and consumer insurance products and employee benefit products and services through Pioneer Insurance Agency, Inc. and provides wealth management services through Pioneer Financial Services, Inc. The segment is also distinguished by the level of information provided to the chief operating decision maker, who uses that information to review performance of various components of the business. The chief operating decision maker will evaluate the financial performance of the Company's business components such as by evaluating revenue streams, significant expenses, and budget to actual results in assessing the Company's segment and in the determination of allocating resources. The chief operating decision maker uses consolidated net income to benchmark the Company against its competitors. The benchmarking analysis along with monitoring budget to actual results are used in assessing performance. The financial information used for performance assessment by the chief operating decision maker is the same as the financial information included in the consolidated statements of condition and consolidated statements of operations.

Impact of Recent Accounting Pronouncements

In November 2024, the FASB issued ASU No. 2024-03 Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures, to improve the disclosures about a public business entity's expenses and address requests from investors for more detailed information about the types of expenses in commonly presented expense captions. The amendments in this ASU require disclosure, in the notes to the consolidated financial statements, of specified information about certain costs and expenses. The amendments in this ASU are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is evaluating the impact this will have on the consolidated financial statements.

3. INVESTMENT SECURITIES

The amortized cost and estimated fair value of securities available for sale are as follows (dollars in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
March 31, 2025				
U.S. Treasury	\$ 172,933	\$ 293	\$ (373)	\$ 172,853
Mortgage-backed securities:				
U.S. Government agency securities	24,434	141	(728)	23,847
Government-sponsored enterprises	22,468	128	(220)	22,376
Collateralized mortgage obligations:				
U.S. Government agency securities	22,776	104	(286)	22,594
Government-sponsored enterprises	53,449	88	(277)	53,260
Municipal obligations	16,052	48	—	16,100
Total available for sale securities	<u>\$ 312,112</u>	<u>\$ 802</u>	<u>\$ (1,884)</u>	<u>\$ 311,030</u>
December 31, 2024				
U.S. Treasury	\$ 217,412	\$ 162	\$ (868)	\$ 216,706
Mortgage-backed securities:				
U.S. Government agency securities	20,517	—	(1,189)	19,328
Government-sponsored enterprises	17,522	—	(633)	16,889
Collateralized mortgage obligations:				
U.S. Government agency securities	18,009	—	(461)	17,548
Government-sponsored enterprises	33,489	1	(249)	33,241
Municipal obligations	17,782	51	(8)	17,825
Total available for sale securities	<u>\$ 324,731</u>	<u>\$ 214</u>	<u>\$ (3,408)</u>	<u>\$ 321,537</u>

The Company elected to exclude accrued interest receivable from the amortized cost basis of debt securities. Accrued interest receivable on available for sale debt securities totaled \$1.4 million and \$1.3 million at March 31, 2025 and December 31, 2024, respectively, and is excluded from the estimate of credit losses and reported in accrued interest receivable in the consolidated statements of condition.

There was no allowance for credit losses for securities available for sale as of March 31, 2025 and December 31, 2024.

The amortized cost and estimated fair value of securities held to maturity are as follows (dollars in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Allowance for Credit Losses	Net Carrying Value
March 31, 2025						
Corporate debt securities	\$ 28,008	62	(3,413)	\$ 24,657	\$ 275	\$ 27,733
Municipal obligations	3,704	—	(26)	3,678	—	3,704
Total held to maturity securities	<u>\$ 31,712</u>	<u>\$ 62</u>	<u>\$ (3,439)</u>	<u>\$ 28,335</u>	<u>\$ 275</u>	<u>\$ 31,437</u>
December 31, 2024						
Corporate debt securities	\$ 22,000	59	(3,181)	\$ 18,878	\$ 216	\$ 21,784
Municipal obligations	3,616	—	(37)	3,579	—	3,616
Total held to maturity securities	<u>\$ 25,616</u>	<u>\$ 59</u>	<u>\$ (3,218)</u>	<u>\$ 22,457</u>	<u>\$ 216</u>	<u>\$ 25,400</u>

Accrued interest receivable on held to maturity debt securities totaled \$337,000 and \$254,000 at March 31, 2025 and December 31, 2024, respectively, and is excluded from the estimate of credit losses and is reported in accrued interest receivable in the consolidated statements of condition.

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There were no held to maturity securities that were 30 days or more past due or classified as non-accrual as of March 31, 2025 and December 31, 2024.

The following tables present the activity in the allowance for credit losses on securities held to maturity (dollars in thousands):

	For the Three Months Ended March 31, 2025				
	Beginning Balance	Provisions	Charge-offs	Recoveries	Ending Balance
Corporate debt securities	\$ 216	\$ 59	\$ —	\$ —	\$ 275
Municipal obligations	—	—	—	—	—
Total allowance for credit losses on securities held to maturity	\$ 216	\$ 59	\$ —	\$ —	\$ 275

	For the Three Months Ended March 31, 2024				
	Beginning Balance	Provisions	Charge-offs	Recoveries	Ending Balance
Corporate debt securities	\$ 238	\$ —	\$ —	\$ —	\$ 238
Municipal obligations	—	—	—	—	—
Total allowance for credit losses on securities held to maturity	\$ 238	\$ —	\$ —	\$ —	\$ 238

The estimated fair value and gross unrealized losses aggregated by security category and length of time such securities have been in a continuous unrealized loss position, is summarized as follows (dollars in thousands):

	March 31, 2025					
	Less than 12 Months		12 Months or Longer		Total	
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
Securities available for sale:						
U.S. Treasury	\$ —	\$ —	\$ 94,026	\$ (373)	\$ 94,026	\$ (373)
Mortgage-backed securities:						
U.S. Government agency securities	19,383	(728)	—	—	19,383	(728)
Government-sponsored enterprises	16,741	(220)	—	—	16,741	(220)
Collateralized mortgage obligations:						
U.S. Government agency securities	9,872	(286)	—	—	9,872	(286)
Government-sponsored enterprises	38,465	(276)	11	(1)	38,476	(277)
Municipal obligations	—	—	—	—	—	—
	<u>\$ 84,461</u>	<u>\$ (1,510)</u>	<u>\$ 94,037</u>	<u>\$ (374)</u>	<u>\$ 178,498</u>	<u>\$ (1,884)</u>
Securities held to maturity:						
Corporate debt securities	\$ 9,008	\$ (175)	\$ 13,587	\$ (3,238)	\$ 22,595	\$ (3,413)
Municipal obligations	—	—	3,678	(26)	3,678	(26)
	<u>\$ 9,008</u>	<u>\$ (175)</u>	<u>\$ 17,265</u>	<u>\$ (3,264)</u>	<u>\$ 26,273</u>	<u>\$ (3,439)</u>

	December 31, 2024					
	Less than 12 Months		12 Months or Longer		Total	
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
Securities available for sale:						
U.S. Treasury	\$ 14,432	\$ (4)	\$ 128,283	\$ (864)	\$ 142,715	\$ (868)
Mortgage-backed securities:						
U.S. Government agency securities	19,328	(1,189)	—	—	19,328	(1,189)
Government-sponsored enterprises	16,889	(633)	—	—	16,889	(633)
Collateralized mortgage obligations:						
U.S. Government agency securities	17,548	(461)	—	—	17,548	(461)
Government-sponsored enterprises	31,128	(248)	11	(1)	31,139	(249)
Municipal obligations	6,437	(8)	—	—	6,437	(8)
	<u>\$ 105,762</u>	<u>\$ (2,543)</u>	<u>\$ 128,294</u>	<u>\$ (865)</u>	<u>\$ 234,056</u>	<u>\$ (3,408)</u>
Securities held to maturity:						
Corporate debt securities	\$ —	\$ —	\$ 16,819	\$ (3,181)	\$ 16,819	\$ (3,181)
Municipal obligations	—	—	3,579	(37)	3,579	(37)
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 20,398</u>	<u>\$ (3,218)</u>	<u>\$ 20,398</u>	<u>\$ (3,218)</u>

Unrealized losses on securities available for sale have not been recognized into income because the issuers' debt securities are of high credit quality (rated AA or higher), management does not intend to sell, and it is likely that management will not be required to sell the securities prior to their anticipated recovery, and the decline in fair value is largely due to changes in interest rates and other market conditions. The issuers continue to make timely principal and interest payments on the securities. The fair value is expected to recover as the securities approach maturity.

The Company does not believe the available for sale securities that were in an unrealized loss position as of March 31, 2025 and December 31, 2024, which consisted of 41 and 52 individual securities, respectively, represented a credit loss impairment. Available for sale debt securities in unrealized loss positions are evaluated for impairment related to credit losses at least quarterly. As of March 31, 2025 and December 31, 2024, the majority of the available for sale securities in an unrealized loss position consisted of debt securities issued by U.S. government agencies or U.S. government-sponsored enterprises that carry the explicit and/or implicit guarantee of the U.S. government, which are widely recognized as "risk-free" and have a long history of zero credit losses. Total gross unrealized losses were primarily attributable to changes in interest rates, relative to when the investment securities were purchased, and not due to the credit quality of the investment securities. The Company does not intend to sell, nor is it more likely than not that the Company will be required to sell the security before recovery of its amortized cost basis, which may be at maturity.

None of the Company's held to maturity debt securities were past due or on nonaccrual status as of March 31, 2025 and December 31, 2024. There was no accrued interest reversed against interest income for the three months ended March 31, 2025 and 2024, as all securities remained on accrual status. In addition, there were no collateral dependent held to maturity debt securities as of March 31, 2025 and December 31, 2024. An allowance for credit losses on held to maturity debt securities is recorded to account for expected lifetime credit losses.

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The following table sets forth information with regard to contractual maturities of debt securities (dollars in thousands). Securities not due at a single maturity date are shown separately.

	March 31, 2025	
	Amortized Cost	Estimated Fair Value
Securities available for sale:		
Due in one year or less	\$ 132,961	\$ 132,673
Due after one to five years	59,389	59,637
Due after five to ten years	22,157	22,060
Due after ten years	97,605	96,660
	<u>\$ 312,112</u>	<u>\$ 311,030</u>
Securities held to maturity:		
Due in one year or less	\$ 2,861	\$ 2,835
Due after one to five years	843	843
Due after five to ten years	28,008	24,657
	<u>\$ 31,712</u>	<u>\$ 28,335</u>

Maturities of mortgage-backed securities and collateralized mortgage obligations are included based on their contractual lives. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

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

There were no sales of securities held to maturity for the three months ended March 31, 2025 and 2024.

During the three months ended March 31, 2024, the Company received \$3.1 million in proceeds from the sale of equity securities.

At March 31, 2025, there were no holdings of securities of any one issuer, other than the U.S. Government and its agencies, in an amount greater than 10% of the Company's equity. As of March 31, 2025 and December 31, 2024, the carrying value of available for sale securities pledged to secure Federal Home Loan Bank of New York ("FHLBNY") advances and municipal deposits was \$308.3 million and \$313.6 million, respectively.

4. NET LOANS RECEIVABLE

A summary of net loans receivable is as follows (dollars in thousands):

	March 31, 2025	December 31, 2024
Commercial:		
Real estate	\$ 424,294	\$ 414,835
Commercial and industrial	109,793	108,474
Construction	142,922	130,959
Total commercial	677,009	654,268
Residential mortgages	720,416	689,569
Home equity loans and lines	93,094	94,928
Consumer	19,467	17,564
	1,509,986	1,456,329
Allowance for credit losses	(22,810)	(21,754)
Net loans receivable	\$ 1,487,176	\$ 1,434,575

Accrued interest receivable on loans totaled \$6.6 million and \$6.3 million at March 31, 2025 and December 31, 2024, respectively. Accrued interest receivable on loans is included in accrued interest receivable on the consolidated statements of condition, and is excluded from the estimate of credit losses.

Net deferred loan costs totaled \$10.3 million and \$9.8 million at March 31, 2025 and December 31, 2024, respectively, and are included in net loans receivable.

The allowance for credit losses on loans estimate uses a four quarter reasonable and supportable forecast period based on economic forecast from the Federal Open Market Committee (“FOMC”) of the Federal Reserve's projections of civilian unemployment and year-over-year U.S. gross domestic product (“GDP”) growth. The forecast will revert to long-term economic conditions over a four quarter reversion period on a straight-line basis. A qualitative factor framework has been developed to adjust the quantitative loss rates for asset-specific risk characteristics or current conditions at the reporting date.

The following tables present the activity in the allowance for credit losses by portfolio segment (dollars in thousands):

	For the Three Months Ended March 31, 2025				
	Beginning Balance	Provisions	Charge-offs	Recoveries	Ending Balance
Commercial	\$ 12,067	\$ 568	\$ —	\$ 6	\$ 12,641
Residential mortgages	7,930	321	(4)	29	8,276
Home equity loans and lines of credit	1,185	(8)	(23)	—	1,154
Consumer	572	190	(29)	6	739
Allowance for credit losses - loans	21,754	1,071	(56)	41	22,810
Allowance for credit losses - off-balance sheet credit exposures	2,190	(330)	—	—	1,860
Total	\$ 23,944	\$ 741	\$ (56)	\$ 41	\$ 24,670

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	For the Three Months Ended March 31, 2024				
	Beginning Balance	Provisions	Charge-offs	Recoveries	Ending Balance
Commercial	\$ 12,674	\$ (233)	\$ —	\$ 6	\$ 12,447
Residential mortgages	6,970	455	(6)	—	7,419
Home equity loans and lines of credit	1,339	3	—	2	1,344
Consumer	379	33	(24)	2	390
Allowance for credit losses - loans	21,362	258	(30)	10	21,600
Allowance for credit losses - off-balance sheet credit exposures	1,681	(178)	—	—	1,503
Total	\$ 23,043	\$ 80	\$ (30)	\$ 10	\$ 23,103

The following tables present the balance in the allowance for credit losses and the recorded investment in loans by portfolio segment (dollars in thousands):

	March 31, 2025				
	Commercial	Residential Mortgages	Home Equity	Consumer	Total
Allowance for credit losses:					
Related to loans individually evaluated	\$ 169	\$ —	\$ —	\$ —	\$ 169
Related to loans collectively evaluated	12,472	8,276	1,154	739	22,641
Ending balance	\$ 12,641	\$ 8,276	\$ 1,154	\$ 739	\$ 22,810
Loans:					
Individually evaluated	\$ 5,864	\$ 1,528	\$ —	\$ —	\$ 7,392
Loans collectively evaluated	671,145	718,888	93,094	19,467	1,502,594
Ending balance	\$ 677,009	\$ 720,416	\$ 93,094	\$ 19,467	\$ 1,509,986

	December 31, 2024				
	Commercial	Residential Mortgages	Home Equity	Consumer	Total
Allowance for credit losses:					
Related to loans individually evaluated	\$ —	\$ —	\$ —	\$ —	\$ —
Related to loans collectively evaluated	12,067	7,930	1,185	572	21,754
Ending balance	\$ 12,067	\$ 7,930	\$ 1,185	\$ 572	\$ 21,754
Loans:					
Individually evaluated	\$ —	\$ 1,541	\$ —	\$ —	\$ 1,541
Loans collectively evaluated	654,268	688,028	94,928	17,564	1,454,788
Ending balance	\$ 654,268	\$ 689,569	\$ 94,928	\$ 17,564	\$ 1,456,329

Interest income on nonaccrual loans is recognized using the cost recovery method. Interest income on impaired loans that were on nonaccrual status and cash-basis interest income for the three months ended March 31, 2025 and 2024 was immaterial.

At various times, certain loan modifications are executed for economic or legal reasons related to a borrower's financial condition that it would not otherwise consider resulting in a modified loan. Substantially all of these modifications include one or a combination of the following: extension of the maturity date at a stated rate of interest lower than the current market rate for new debt with similar risk; temporary reduction in the interest rate; change in scheduled payment amount including interest only; or extensions of additional credit for payment of delinquent real estate taxes or other costs.

The Company may occasionally make modifications to loans where the borrower is considered to be experiencing financial difficulty. Types of modifications considered include principal reductions, interest rate reductions, term extensions, or a combination. There were no modifications to loans where the borrower is considered to be experiencing financial difficulty for the three months ended March 31, 2025 and 2024.

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The following tables present the recorded investment in nonaccrual and loans past due over 90 days still on accrual by class of loans (dollars in thousands):

March 31, 2025				
	Nonaccrual	Nonaccrual Loans With No Related Allowance	Past Due 90 Days Still on Accrual	Recognized Interest Income
Commercial:				
Real estate	\$ 5,864	\$ 4,695	\$ 1	\$ —
Commercial and industrial	9	—	—	—
Construction	—	—	—	—
Residential mortgages	3,867	1,528	—	—
Home equity loans and lines	955	—	—	—
Consumer	—	—	—	—
	<u>\$ 10,695</u>	<u>\$ 6,223</u>	<u>\$ 1</u>	<u>\$ —</u>

December 31, 2024				
	Nonaccrual	Nonaccrual Loans With No Related Allowance	Past Due 90 Days Still on Accrual	Recognized Interest Income
Commercial:				
Real estate	\$ —	\$ —	\$ 1	\$ —
Commercial and industrial	10	—	—	—
Construction	—	—	—	—
Residential mortgages	4,127	1,541	—	—
Home equity loans and lines	1,109	—	—	—
Consumer	—	—	—	—
	<u>\$ 5,246</u>	<u>\$ 1,541</u>	<u>\$ 1</u>	<u>\$ —</u>

Nonaccrual loans and loans past due 90 days still on accrual include both smaller balance homogeneous loans that are collectively evaluated for impairment and individually evaluated loans.

A loan is considered collateral-dependent when the borrower is experiencing financial difficulty and repayment of the loan is expected to be provided substantially through the operation or sale of the collateral.

The following table presents the amortized cost basis of collateral-dependent loans by class of loans (dollars in thousands):

March 31, 2025		
	Amortized Cost	Collateral Type
Commercial:		
Real estate	\$ 5,864	Commercial real estate property
Commercial and industrial	—	
Construction	—	
Residential mortgages	1,528	Residential real estate property
Home equity loans and lines	—	
Consumer	—	
	<u>\$ 7,392</u>	

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	December 31, 2024	
	Amortized Cost	Collateral Type
Commercial:		
Real estate	\$ —	
Commercial and industrial	—	
Construction	—	
Residential mortgages	1,541	Residential real estate property
Home equity loans and lines	—	
Consumer	—	
	<u>\$ 1,541</u>	

The following tables present the aging of the recorded investment in loans by class of loans as of (dollars in thousands):

	March 31, 2025					
	30 - 59 Days Past Due	60 - 89 Days Past Due	90 or more Days Past Due	Total Past Due	Loans Not Past Due	Total
Commercial:						
Real estate	\$ 107	\$ 5,770	\$ 1	\$ 5,878	\$ 418,416	\$ 424,294
Commercial and industrial	46	—	—	46	109,747	109,793
Construction	—	—	—	—	142,922	142,922
Residential mortgages	843	224	1,014	2,081	718,335	720,416
Home equity loans and lines	1,383	—	331	1,714	91,380	93,094
Consumer	10	5	—	15	19,452	19,467
Total	<u>\$ 2,389</u>	<u>\$ 5,999</u>	<u>\$ 1,346</u>	<u>\$ 9,734</u>	<u>\$ 1,500,252</u>	<u>\$ 1,509,986</u>

	December 31, 2024					
	30 - 59 Days Past Due	60 - 89 Days Past Due	90 or more Days Past Due	Total Past Due	Loans Not Past Due	Total
Commercial:						
Real estate	\$ 6,734	\$ —	\$ 1	\$ 6,735	\$ 408,100	\$ 414,835
Commercial and industrial	5	—	—	5	108,469	108,474
Construction	—	—	—	—	130,959	130,959
Residential mortgages	—	888	1,515	2,403	687,166	689,569
Home equity loans and lines	1,198	67	567	1,832	93,096	94,928
Consumer	7	6	—	13	17,551	17,564
Total	<u>\$ 7,944</u>	<u>\$ 961</u>	<u>\$ 2,083</u>	<u>\$ 10,988</u>	<u>\$ 1,445,341</u>	<u>\$ 1,456,329</u>

The Company categorizes commercial 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 – Loans classified as special mention have a potential weakness that deserves management’s close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution’s credit position at some future date.

Substandard – Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

Doubtful – Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

Commercial loans not meeting the criteria above are considered to be pass rated loans.

The Company grades residential mortgages, home equity loans and lines of credit and consumer loans as either non-performing or performing.

Non-performing – Loans that are over 90 days past due and still accruing interest or on nonaccrual.

Performing – Loans not meeting any of the above criteria are considered to be performing loans.

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The following table presents loans summarized by segment and class, and the risk category (dollars in thousands):

	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
	2025	2024 Transition Period	2024	2023	2022	Prior			
Commercial real estate									
Risk Rating									
Pass	\$ 14,830	\$ 14,304	\$ 33,156	\$ 45,705	\$ 54,090	\$ 234,707	\$ 552	\$ —	\$ 397,344
Special mention	—	—	—	466	—	5,567	—	—	6,033
Substandard	—	—	—	—	2,185	16,470	1,092	—	19,747
Doubtful	—	—	—	—	326	844	—	—	1,170
Total commercial real estate	\$ 14,830	\$ 14,304	\$ 33,156	\$ 46,171	\$ 56,601	\$ 257,588	\$ 1,644	\$ —	\$ 424,294
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Commercial and industrial									
Risk Rating									
Pass	\$ 7,522	\$ 9,272	\$ 12,768	\$ 5,010	\$ 4,052	\$ 9,711	\$ 56,956	\$ —	\$ 105,291
Special mention	—	—	—	—	—	1,460	—	—	1,460
Substandard	—	—	—	—	14	2,291	630	—	2,935
Doubtful	—	—	—	—	—	107	—	—	107
Total commercial and industrial	\$ 7,522	\$ 9,272	\$ 12,768	\$ 5,010	\$ 4,066	\$ 13,569	\$ 57,586	\$ —	\$ 109,793
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Commercial construction									
Risk Rating									
Pass	\$ 4,846	\$ 25,140	\$ 56,843	\$ 6,805	\$ 31,155	\$ 17,916	\$ 217	\$ —	\$ 142,922
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total commercial construction	\$ 4,846	\$ 25,140	\$ 56,843	\$ 6,805	\$ 31,155	\$ 17,916	\$ 217	\$ —	\$ 142,922
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Residential mortgages									
Performing	\$ 23,473	\$ 91,602	\$ 184,109	\$ 194,894	\$ 40,070	\$ 182,287	\$ 114	\$ —	\$ 716,549
Non-performing	—	—	—	1,091	512	2,264	—	—	3,867
Total residential mortgages	\$ 23,473	\$ 91,602	\$ 184,109	\$ 195,985	\$ 40,582	\$ 184,551	\$ 114	\$ —	\$ 720,416
Current period gross charge-offs	\$ —	\$ —	\$ —	4	\$ —	\$ —	\$ —	\$ —	4
Home equity loans and lines of credit									
Performing	\$ 254	\$ 2,431	\$ 6,039	\$ 5,799	\$ 8,767	\$ 16,219	\$ 50,201	\$ 2,429	\$ 92,139
Non-performing	—	—	—	—	92	169	694	—	955
Total home equity loans and lines of credit	\$ 254	\$ 2,431	\$ 6,039	\$ 5,799	\$ 8,859	\$ 16,388	\$ 50,895	\$ 2,429	\$ 93,094
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	23	—	\$ —	23
Consumer									
Performing	\$ 411	\$ 5,791	\$ 4,762	\$ 499	\$ 59	\$ 3,170	\$ 4,775	\$ —	\$ 19,467
Non-performing	—	—	—	—	—	—	—	—	—
Total consumer	\$ 411	\$ 5,791	\$ 4,762	\$ 499	\$ 59	\$ 3,170	\$ 4,775	\$ —	\$ 19,467
Current period gross charge-offs	\$ 25	\$ —	\$ —	3	\$ —	1	\$ —	\$ —	29

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December 31, 2024	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
	2024 Transition Period	2024	2023	2022	2021	Prior			
Commercial real estate									
Risk Rating									
Pass	\$ 11,873	\$ 33,387	\$ 46,482	\$ 54,961	\$ 22,212	\$ 223,547	\$ 531	\$ —	\$ 392,993
Special mention	—	—	—	—	—	4,918	—	—	4,918
Substandard	—	—	—	2,198	—	13,634	1,092	—	16,924
Doubtful	—	—	—	—	—	—	—	—	—
Total commercial real estate	\$ 11,873	\$ 33,387	\$ 46,482	\$ 57,159	\$ 22,212	\$ 242,099	\$ 1,623	\$ —	\$ 414,835
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Commercial and industrial									
Risk Rating									
Pass	\$ 11,089	\$ 13,794	\$ 5,472	\$ 4,377	\$ 2,459	\$ 9,354	\$ 59,342	\$ —	\$ 105,887
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	15	—	2,304	151	—	2,470
Doubtful	—	—	—	—	—	117	—	—	117
Total commercial and industrial	\$ 11,089	\$ 13,794	\$ 5,472	\$ 4,392	\$ 2,459	\$ 11,775	\$ 59,493	\$ —	\$ 108,474
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ 21	\$ 66	\$ 24	\$ —	\$ 111
Commercial construction									
Risk Rating									
Pass	\$ 19,210	\$ 51,227	\$ 8,814	\$ 31,700	\$ 17,582	\$ 1,489	\$ 937	\$ —	\$ 130,959
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total commercial construction	\$ 19,210	\$ 51,227	\$ 8,814	\$ 31,700	\$ 17,582	\$ 1,489	\$ 937	\$ —	\$ 130,959
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Residential mortgages									
Performing	\$ 71,164	\$ 187,372	\$ 198,502	\$ 41,117	\$ 54,754	\$ 132,419	\$ 114	\$ —	\$ 685,442
Non-performing	—	—	1,140	516	—	2,471	—	—	4,127
Total residential mortgages	\$ 71,164	\$ 187,372	\$ 199,642	\$ 41,633	\$ 54,754	\$ 134,890	\$ 114	\$ —	\$ 689,569
Current period gross charge-offs	\$ —	\$ —	\$ 41	\$ —	\$ —	\$ 4	\$ —	\$ —	\$ 45
Home equity loans and lines of credit									
Performing	\$ 2,465	\$ 6,219	\$ 5,949	8,955	\$ 3,209	\$ 13,561	\$ 51,312	\$ 2,149	\$ 93,819
Non-performing	—	—	—	95	—	194	820	—	1,109
Total home equity loans and lines of credit	\$ 2,465	\$ 6,219	\$ 5,949	\$ 9,050	\$ 3,209	\$ 13,755	\$ 52,132	\$ 2,149	\$ 94,928
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Consumer									
Performing	\$ 1,226	\$ 5,249	\$ 556	\$ 73	\$ 45	\$ 3,222	\$ 7,193	\$ —	\$ 17,564
Non-performing	—	—	—	—	—	—	—	—	—
Total consumer	\$ 1,226	\$ 5,249	\$ 556	\$ 73	\$ 45	\$ 3,222	\$ 7,193	\$ —	\$ 17,564
Current period gross charge-offs	\$ 46	\$ 15	\$ 7	\$ 3	\$ —	\$ 29	\$ —	\$ —	\$ 100

As of March 31, 2025 and December 31, 2024, the Company had pledged \$695.6 million and \$672.3 million respectively, of residential mortgage, home equity and commercial loans as collateral for FHLBNY borrowings and stand-by letters of credit.

5. DERIVATIVES

In the normal course of servicing our commercial customers, the Company acts as an interest rate swap counterparty for certain commercial borrowers. The Company manages its exposure to such interest rate swaps by entering into corresponding and offsetting interest rate swaps with third parties that match the terms of the interest rate swap with the commercial borrowers. These positions directly offset each other and the Company's exposure is the fair value of the derivatives due to potential changes in credit risk of our commercial borrowers and third parties.

The notional amount of the interest rate swaps does not represent amounts 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. At March 31, 2025, the Company held derivatives not designated as hedging instruments, comprised of back-to-back interest rate swaps, with a total notional amount of \$372.8 million, consisting of \$186.4 million of interest rate swaps with commercial borrowers and \$186.4 million of offsetting interest rate swaps with third-party counterparties on substantially the same terms. At December 31, 2024, the Company held derivatives not designated as hedging instruments, comprised of back-to-back interest rate swaps, with a total notional amount of \$376.6 million, consisting of \$188.3 million of interest rate swaps with commercial borrowers and \$188.3 million of offsetting interest rate swaps with third-party counterparties on substantially the same terms.

The fair value of derivatives are classified as other assets and other liabilities on the consolidated statements of condition. The estimated fair value of derivatives not designated as hedging instruments are as follows (dollars in thousands):

	March 31, 2025	
	Derivative Assets	Derivative Liabilities
Gross interest rate swaps	\$ 10,729	\$ 10,729
Less: cash collateral applied	(10,729)	—
Net amount	<u>\$ —</u>	<u>\$ 10,729</u>

	December 31, 2024	
	Derivative Assets	Derivative Liabilities
Gross interest rate swaps	\$ 13,735	\$ 13,735
Less: cash collateral applied	(13,735)	—
Net amount	<u>\$ —</u>	<u>\$ 13,735</u>

Under terms of the agreements with the third-party counterparties, the Company provides cash collateral to the counterparty, when required, for the initial trade. Subsequent to the trade, the margin is exchanged in either direction, based upon the estimated fair value of the underlying contracts. At March 31, 2025, the Company had received \$10.8 million and deposited none as collateral for swap agreements with third-party counterparties. At December 31, 2024, the Company had received \$13.7 million and deposited none as collateral for swap agreements with third-party counterparties.

6. OTHER COMPREHENSIVE INCOME (LOSS)

Reclassifications out of accumulated other comprehensive income were as follows (dollars in thousands):

Details About Accumulated Other Comprehensive Income Components	Three Months Ended March 31,		Affected Line Item in the Statement Where Net Income is Presented
	2025	2024	
Amortization of defined benefit plan items (before tax):			
Net actuarial gain	\$ (137)	\$ —	Other noninterest expense
Tax benefit	36	—	Income tax expense
Net of tax	(101)	—	
Total reclassification for the period, net of tax	<u>\$ (101)</u>	<u>\$ —</u>	

The balances and changes in the components of accumulated other comprehensive income, net of tax, are as follows (dollars in thousands):

	For the Three Months Ended March 31,		
	Unrealized Gains/Losses on Securities	Defined Benefit Plans	Accumulated Other Comprehensive Income (Loss)
2025:			
Accumulated other comprehensive income (loss) as of January 1, 2025	\$ (2,360)	\$ 7,903	\$ 5,543
Other comprehensive income before reclassifications	1,559	—	1,559
Amounts reclassified from accumulated other comprehensive income	—	(101)	(101)
Accumulated other comprehensive income (loss) as of March 31, 2025	<u>\$ (801)</u>	<u>\$ 7,802</u>	<u>\$ 7,001</u>
2024:			
Accumulated other comprehensive income (loss) as of January 1, 2024	\$ (3,953)	\$ 4,134	\$ 181
Other comprehensive income before reclassifications	319	—	319
Amounts reclassified from accumulated other comprehensive income	—	—	—
Accumulated other comprehensive income (loss) as of March 31, 2024	<u>\$ (3,634)</u>	<u>\$ 4,134</u>	<u>\$ 500</u>

The amounts of income tax expense (benefit) allocated to each component of other comprehensive income were as follows (dollars in thousands):

	For the Three Months Ended March 31,	
	2025	2024
Unrealized gains on securities:		
Unrealized holdings gains arising during the period	\$ 553	\$ 114
Reclassification adjustment for (gains) losses included in net income	—	—
	<u>553</u>	<u>114</u>
Defined benefit plans:		
Change in funded status	—	—
Reclassification adjustment for amortization of net actuarial gain	(36)	—
	<u>(36)</u>	<u>—</u>
	<u>\$ 517</u>	<u>\$ 114</u>

7. EMPLOYEE BENEFIT PLANS

The Company maintains a noncontributory defined benefit pension plan and a defined benefit post-retirement plan. Plan assets and obligations that determine the funded status are measured as of the end of the fiscal year.

Pension Plan

The Company maintains a noncontributory defined benefit pension plan covering substantially all of its full-time employees twenty-one years of age or older, with at least one year of service hired before September 1, 2019. Through December 31, 2009, pensions were paid as an annuity using a pension formula of 2.0% of the average of the five highest consecutive years of total compensation over the last ten years multiplied by credited service up to thirty years. Effective January 1, 2010, the plan was amended and service rendered thereafter is paid using a pension formula of 1.5%. Amounts contributed to the plan are determined annually on the basis of (a) the maximum amount allowable under Internal Revenue Service regulations and (b) the amount certified by a consulting actuary as necessary to avoid an accumulated funding deficiency as defined by the Employee Retirement Income Security Act of 1974 (“ERISA”). The defined benefit pension plan was amended, effective August 31, 2019, to close the plan to new employees hired on or after September 1, 2019, therefore, no new employees hired on or after September 1, 2019 would be eligible to participate in the defined benefit pension plan.

Net periodic pension (income) cost included the following components (dollars in thousands):

	For the Three Months Ended March 31,	
	2025	2024
Service cost	\$ 301	\$ 230
Interest cost	570	379
Expected return on plan assets	(854)	(533)
Amortization of net actuarial gain	(118)	—
Net periodic pension (income) cost	<u>\$ (101)</u>	<u>\$ 76</u>

The service cost component of the net periodic (income) cost is included in salaries and employee benefits and the interest cost, expected return on plan assets and amortization of net actuarial gain components are included in other noninterest expense on the consolidated statements of operations.

Contributions

For the three months ended March 31, 2024 and 2023, the Company made no cash contributions to the plan.

Post-Retirement Healthcare Plan

The Company offers a defined benefit post-retirement plan which provides medical and life insurance benefits to employees meeting certain requirements. Effective October 1, 2006, the plan was amended so that there have been no new plan participants for medical benefits. The cost of post-retirement plan benefits is recognized on an accrual basis as employees perform services. Active employees are eligible for retiree medical coverage upon reaching age sixty with twenty-five or more years of service. Employees with a minimum of thirty years of service are eligible for individual and spousal coverage. Retirees are eligible to participate in any bank-sponsored health insurance programs. The Company’s contributions for retiree medical are limited to a monthly premium of \$210 for individual coverage and \$420 for employee and spousal coverage. The Company’s funding policy is to pay insurance premiums as they come due.

Net periodic post-retirement benefit cost included the following components (dollars in thousands):

	For the Three Months Ended March 31,	
	2025	2024
Service cost	\$ 4	\$ 6
Interest cost	16	19
Amortization of net actuarial gain	(19)	(10)
Net periodic post-retirement benefit cost	<u>\$ 1</u>	<u>\$ 15</u>

The service cost component of the net periodic post-retirement benefit cost is included in salaries and employee benefits and the interest cost and amortization of net actuarial gain components are included in other noninterest expense on the consolidated statements of operations.

Employee Stock Ownership Plan

On July 17, 2019, the Company established an Employee Stock Ownership Plan (“ESOP”) to provide eligible employees the opportunity to own Company stock. The ESOP is a tax-qualified retirement plan for the benefit of Company employees. The Company granted loans to the ESOP for the purchase of 1,018,325 shares of the Company’s common stock at an average price of \$13.40 per share. The loan obtained by the ESOP from the Company to purchase the common stock is payable annually over 20 years at a rate per annum equal to the Prime Rate. Loan payments are principally funded by cash contributions from the Bank. The loan is secured by the shares purchased, which are held in a suspense account for allocation among participants as the loan is repaid. The balance of the ESOP loan at March 31, 2025 was \$10.6 million. Contributions are allocated to eligible participants on the basis of compensation, subject to federal tax limits. The number of shares committed to be released annually is 50,916 through the year 2038. Participants may receive the shares at the end of employment.

Shares held by the ESOP include the following:

	As of March 31,	
	2025	2024
Allocated	270,692	254,580
Committed to be allocated	12,729	12,729
Unallocated	700,100	751,016
Total shares	<u>983,521</u>	<u>1,018,325</u>

Total compensation expense recognized in connection with the ESOP for the three months ended March 31, 2025 and 2024 was \$148,000 and \$122,000, respectively.

8. COMMITMENTS AND CONTINGENT LIABILITIES

Off-Balance-Sheet Financing and Concentrations of Credit

The Company is a party to certain financial instruments with off-balance-sheet risk to meet the financing needs of its customers. These financial instruments include the Company's commitments to extend credit. Those instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized on the consolidated statements of condition. The contract amounts of those instruments reflect the extent of involvement the Company has in particular classes of financial instruments.

The Company's exposure to credit loss in the event of nonperformance by the other party to the commitments to extend credit is represented by the contractual notional amounts of those instruments which are presented in the tables below (dollars in thousands). The Company uses the same credit policies in making commitments as it does for on-balance-sheet instruments.

	March 31, 2025		
	Fixed Rate	Variable Rate	Total
Financial instruments whose contract amounts represent credit risk (including unused lines of credit and unadvanced loan funds):			
Commitments to extend credit	\$ 27,346	\$ 276,855	\$ 304,201
Standby letters of credit	—	21,286	21,286
	<u>\$ 27,346</u>	<u>\$ 298,141</u>	<u>\$ 325,487</u>

	December 31, 2024		
	Fixed Rate	Variable Rate	Total
Financial instruments whose contract amounts represent credit risk (including unused lines of credit and unadvanced loan funds):			
Commitments to extend credit	\$ 31,804	\$ 285,464	\$ 317,268
Standby letters of credit	—	22,552	22,552
	<u>\$ 31,804</u>	<u>\$ 308,016</u>	<u>\$ 339,820</u>

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and require payment of a fee. Since certain commitments are expected to expire without being fully drawn, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's credit-worthiness on a case-by-case basis. The amount of collateral, if any, required by the Company for the extension of credit is based on management's credit evaluation of the customer.

Commitments to extend credit may be written on a fixed rate basis thus exposing the Company to interest rate risk, given the possibility that market rates may change between commitment and actual extension of credit.

Standby letters of credit are conditional commitments issued by the Company to guarantee payment on behalf of a customer or to guarantee the performance of a customer to a third party. The credit risk involved in issuing these instruments is essentially the same as that involved in extending loans to customers. Since a portion of these instruments will expire unused, the total amounts do not necessarily represent future cash requirements. Each customer is evaluated individually for creditworthiness under the same underwriting standards used for commitments to extend credit and on-balance-sheet instruments. Bank policies governing loan collateral apply to standby letters of credit at the time of credit extension.

Certain residential mortgage loans are written on an adjustable basis and include interest rate caps which limit annual and lifetime increases in interest rates. Generally, adjustable rate mortgages have an annual rate increase cap of 2% to 5% and lifetime rate increase cap of 5% to 6% above the initial loan rate. These caps expose the Company to interest rate risk should market rates increase above these limits. At March 31, 2025, approximately \$314.1 million of adjustable rate residential mortgage loans had interest rate caps. In addition, certain adjustable rate residential mortgage loans have a

conversion option whereby the borrower may elect to convert the loan to a fixed rate during a designated time period. At March 31, 2025, approximately \$223,000 of the adjustable rate mortgage loans had conversion options.

The Company periodically sells residential mortgage loans to the Federal National Mortgage Association (“FNMA”). At March 31, 2025 and December 31, 2024, the Bank had no loans held for sale. In addition, the Bank had no loan commitments with borrowers at March 31, 2025 and December 31, 2024 with rate lock agreements which are intended to be held for sale, if closed. The Company generally determines whether or not a loan is held for sale at the time that loan commitments are entered into or at the time a convertible adjustable-rate mortgage loan converts to a fixed interest rate. In order to reduce the interest rate risk associated with the portfolio of loans held for sale, as well as loan commitments with locked interest rates which are intended to be held for sale if closed, the Company enters into agreements to sell loans in the secondary market. At March 31, 2025 and December 31, 2024, the Company had no commitments to sell loans to unrelated investors.

Concentrations of Credit

The Company primarily grants loans to customers located in the New York State counties of Albany, Greene, Rensselaer, Schenectady, Saratoga, and Warren. Although the Company has a diversified loan portfolio, a substantial portion of its debtors’ ability to honor their contracts is dependent upon the real estate and construction-related sectors of the economy, and general economic conditions in the Company’s market area.

Legal Proceedings and Other Contingent Liabilities

In the ordinary course of business, the Company and the Bank are involved in a number of legal, regulatory, governmental and other proceedings, claims or investigations that could result in losses, including damages, fines and/or civil penalties, which could be significant concerning matters arising from the conduct of their business, including the matters described below. In view of the inherent difficulty of predicting the outcome of such matters, particularly where the claimants seek large or indeterminate damages, the Company generally cannot predict the eventual outcome of the pending matters, timing of the ultimate resolution of these matters, or eventual loss, fines or penalties related to each pending matter. In accordance with applicable accounting guidance, the Company will establish an accrued liability when those matters present loss contingencies that are both probable and estimable. The Company’s estimates of potential losses will change over time and the actual losses may vary significantly, and there may be an exposure to loss in excess of any amounts accrued. As a matter develops, management, in conjunction with any outside counsel handling the matter, evaluate on an ongoing basis whether such matter presents a loss contingency that is probable and estimable; or where a loss is reasonably possible, whether in excess of a related accrued liability or where there is no accrued liability, whether it is possible to estimate a range of possible loss. Once the loss contingency is deemed to be both probable and estimable, the Company establishes an accrued liability and records a corresponding amount of litigation-related expense. The Company continues to monitor the matters for further developments that could affect the amount of the accrued liability that has been previously established. Excluding legal fees and expenses, litigation-related expense of \$0 was recognized for the three months ended March 31, 2025 and 2024. For those matters for which a loss is reasonably possible and estimable, whether in excess of an accrued liability or where there is no accrued liability, the Company’s estimated range of possible loss is \$0 to \$54.4 million in excess of the accrued liability, if any, as of March 31, 2025. These estimates are based upon currently available information and are subject to significant judgment, a variety of assumptions and known and unknown uncertainties. The matters underlying the accrued liability and estimated range of possible losses are unpredictable and may change from time to time, and actual losses may vary significantly from the current estimate and accrual. The estimated range of possible loss does not represent the Company’s maximum loss exposure.

Information is provided below regarding the nature of the matters and associated claimed damages. The Company and the Bank are defending each of these matters vigorously, and the Company believes that it and the Bank have substantial defenses, including affirmative defenses, counterclaims and cross-claims to the various allegations that have been asserted. In light of the significant judgment, variety of assumptions and uncertainties involved in the matters described below, some of which are beyond the Company’s control, and the large or indeterminate damages sought in some of these matters, an adverse outcome in one or more of these matters, or matters related to or resulting from the matters described below, could have an adverse material impact on the Company’s business, prospects, financial condition, results of operations, cash flows, or cause significant reputational harm and subject the Company to face civil litigation, significant fines, damage awards or other material regulatory consequences.

Mann Entities Related Fraudulent Activity

During the quarter ended September 30, 2019, the Company became aware of potentially fraudulent activity associated with transactions by an established business customer of the Bank. The customer and various affiliated entities (collectively, the “Mann Entities”) had numerous accounts with the Bank. The transactions in question related both to deposit and lending activity with the Mann Entities.

For the fraudulent activity related to the Mann Entities, the Bank’s potential monetary exposure with respect to its deposit activity was approximately \$18.5 million. In the quarter ended September 30, 2019, the Bank exercised its rights pursuant to state and federal law and the relevant Mann Entity general deposit account agreements to take actions to set off/recover approximately \$16.0 million from general deposit corporate operating accounts held by the Mann Entities at the Bank to partially cover overdrafts/negative account balances in Mann Entity general deposit corporate operating accounts that primarily resulted from another bank returning/calling back \$15.6 million in checks on August 30, 2019, that the Mann Entities had deposited into and then withdrawn from their accounts at the Bank the day before. In the quarter ended September 30, 2019, the Bank recognized a charge to non-interest expense in the amount of \$2.5 million based on the net negative deposit balance of the various Mann Entities’ accounts after the setoffs/overdraft recoveries. Through March 31, 2025, no additional charges to non-interest expense were recognized related to the deposit transactions with the Mann Entities.

With respect to the Bank’s lending activity with the Mann Entities, its potential exposure was approximately \$15.8 million (which represents the Bank’s participation interest in the approximately \$35.8 million commercial loan relationships for which the Bank is the originating lender). In the quarter ended June 30, 2019, the Bank recognized a provision for loan losses in the amount of \$15.8 million, related to the charge-off of the entire principal balance owed to the Bank related to the Mann Entities’ commercial loan relationships. During the quarter ended March 31, 2020 and the quarter ended September 30, 2020, the Bank recognized partial recoveries in the amount of \$1.7 million and \$34,000, respectively, related to the charge-off of the Mann Entities’ commercial loan relationships, which were credited to the allowance for loan losses. Through March 31, 2025, no additional charges to the provision for credit losses and no additional recoveries related to the charge-off of the loans were recognized related to the loan transactions with the Mann Entities.

Several other parties and regulatory agencies have asserted claims against the Company and the Bank related to the series of transactions between the Company or the Bank, on the one hand, and the Mann Entities, on the other. The Company and the Bank continue to investigate these matters and it is possible that the Company and the Bank will be subject to similar legal, regulatory, governmental or other proceedings and additional liabilities. The ultimate timing and outcome of any such proceedings, involving the Company, or the Bank, cannot be predicted with any certainty. It also remains possible that other private parties or governmental bodies will pursue existing or additional claims against the Bank as a result of the Bank’s dealings with certain of the Mann Entities or as a result of the actions taken by the Company or the Bank. The Company’s and the Bank’s legal fees and expenses related to these actions are significant and are expected to continue being significant. In addition, costs associated with potentially prosecuting, litigating or settling any litigation, satisfying any adverse judgments, if any, or other proceedings, could be significant. These legal, regulatory, governmental and other proceedings, claims or investigations, costs, settlements, judgments, sanctions or other expenses could have a material adverse effect on the Company’s business prospects, financial condition, results of operations or cash flows or cause significant reputational harm and subject the Company to face civil litigation, significant fines, damage awards or other material regulatory consequences. The Company is pursuing all available sources of recovery and other means of mitigating the potential loss, and the Company and the Bank are vigorously defending all claims asserted against them arising out of or otherwise related to the fraudulent activity of the Mann Entities. While the Bank has been reimbursed in the past by its insurer for certain legal fees and expenses associated with this matter, the Bank does not expect to recognize any such insurance recoveries in the future, as the applicable policy limits and deductibles have been exceeded. For a fuller recitation of the procedural history of each of the matters summarized below, please refer to the Company’s earlier periodic filings on Forms 10-Q and 10-K. The Pioneer Parties (as defined below) vigorously dispute the assertions and claims in each of the matters noted below.

Legal Proceedings

On October 31, 2019, Southwestern Payroll Services, Inc. (“Southwestern”) filed a complaint against the Company and the Bank (“Pioneer Parties”), Michael T. Mann, Valuewise Corporation, MyPayrollHR, LLC and Cloud Payroll, LLC (collectively, the “Mann Parties”) in the United States District Court for the Northern District of New York. On April 10, 2023, the Court entered a memorandum decision and order granting Southwestern leave to file a third amended complaint adding Granite Solutions Groupe, Inc. (“Granite Solutions”) as a plaintiff and asserting claims against the Pioneer Parties for declaratory judgment, conversion, fraud, negligence/gross negligence, unjust enrichment/money had and received, violations of the Racketeer Influenced and Corrupt Organizations (“RICO”) Act, aiding and abetting conversion, and aiding and abetting fraud. Southwestern and Granite Solutions filed the third amended complaint on April 26, 2023. The third amended complaint seeks a monetary judgment of at least \$39.0 million, allegedly comprised of compensatory damages in excess of \$13.0 million, penalties and interest, treble damages, and punitive damages. The Pioneer Parties filed their answer to the third amended complaint on May 12, 2023. In addition to denying that Southwestern or Granite Solutions is entitled to any of the relief sought in the third amended complaint, the Pioneer Parties asserted numerous affirmative defenses, as well as counterclaims against Southwestern and cross-claims against certain of the Mann Parties for common law fraud under New York law and violations of RICO. The Pioneer Parties contend that the actions of Southwestern and certain of the Mann Parties have resulted in damages to the Pioneer Parties comprised of compensatory damages, treble damages, and attorneys’ fees and costs. The Pioneer Parties seek to recover these damages jointly and severally against all counterclaim and cross-claim defendants. Southwestern filed its answer to the counterclaims on June 2, 2023. On June 3, 2024, the Pioneer Parties filed a motion for summary judgment on all claims asserted in the third amended complaint. On the same day, the plaintiffs filed a motion for partial summary judgment as to one of the Pioneer Parties’ affirmative defenses and on the counterclaims against Southwestern for violations of RICO. On June 14, 2024, the Pioneer Parties filed a separate motion to dismiss certain claims asserted in the third amended complaint for lack of subject-matter jurisdiction. Briefing on the various motions was completed on August 28, 2024, and the motions are now pending before the court for decision.

On December 10, 2019, National Payment Corp. (“NatPay”) filed a motion to intervene as a plaintiff in Southwestern’s lawsuit against the Pioneer Parties and the Mann Parties as described above. On August 4, 2020, the magistrate judge issued a decision recommending that NatPay be allowed to intervene, which was subsequently accepted by the Court. NatPay filed its complaint in intervention on August 18, 2020. On April 10, 2023, the Court entered a memorandum decision and order granting NatPay leave to file an amended complaint asserting claims against the Pioneer Parties for declaratory judgment, conversion, fraud, negligence/gross negligence, unjust enrichment/money had and received, violations of RICO, aiding and abetting conversion, and aiding and abetting fraud. NatPay filed its amended complaint on April 13, 2023. The amended complaint seeks a monetary judgment of at least \$11.4 million, allegedly comprised of compensatory damages in excess of \$3.8 million, penalties and interest, treble damages, and punitive damages. The Pioneer Parties filed their answer to NatPay’s amended complaint on May 12, 2023. In addition to denying that NatPay is entitled to any of the relief sought in the third amended complaint, the Pioneer Parties asserted numerous affirmative defenses, as well as counterclaims against NatPay and cross-claims against certain of the Mann Parties for violations of RICO. The Pioneer Parties contend that the actions of NatPay and certain of the Mann Parties have resulted in damages to the Pioneer Parties comprised of compensatory damages, treble damages, and attorneys’ fees and costs. The Pioneer Parties seek to recover these damages jointly and severally against all counterclaim and cross-claim defendants. On June 23, 2023, NatPay filed a motion to dismiss the counterclaims and certain affirmative defenses of the Pioneer Parties. The Pioneer Parties filed their opposition to the motion on July 21, 2023, and the motion was fully briefed and submitted to the Court for decision on August 4, 2023. On December 21, 2023, the Court entered an order granting NatPay’s motion. On January 18, 2024, the Pioneer Parties filed a motion for reconsideration of the Court’s order and for leave to amend their answer and counterclaims. On April 3, 2024, the Court entered an order granting the Pioneer Parties leave to amend their answer and counterclaims. The Pioneer Parties thereafter filed their amended answer and counterclaims on April 15, 2024. NatPay filed its reply to amended counterclaims on April 29, 2024. On June 3, 2024, the Pioneer Parties filed a motion for summary judgment on all claims asserted in the amended complaint, as well as a separate motion to dismiss the amended complaint in its entirety for lack of subject-matter jurisdiction. On the same day, NatPay filed a motion for partial summary judgment as to one of the Pioneer Parties’ affirmative defenses and on the counterclaims against NatPay for violations of RICO. Briefing on the various motions was completed on August 28, 2024, and the motions are now pending before the court for decision.

On January 21, 2020, Cachet Financial Services (“Cachet”), a third-party automated clearing house service provider, filed for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code in the Central District of California, Los Angeles Division (“Bankruptcy Court”). The Bank is not listed as a creditor in the bankruptcy proceedings. On January 20, 2022, Cachet filed an adversary proceeding complaint against the Pioneer Parties in the Bankruptcy Court. On February 16, 2023, Cachet filed an amended complaint in lieu of responding to the Pioneer Parties’ motion to dismiss. The amended complaint, like the initial complaint, alleges Michael T. Mann stole approximately \$26.4 million from Cachet in August 2019 by manipulating Cachet’s “batch file specifications,” and that Mann subsequently caused approximately \$8.5 million of those purportedly stolen funds to be deposited into accounts held by companies owned by Mann at Pioneer Bank. Cachet alleges Pioneer Bank refused Cachet’s request to return the approximately \$8.5 million in purportedly stolen funds to Cachet. Cachet’s complaint asserts causes of action against the Pioneer Parties for avoidance and recovery of constructive fraudulent transfers, conversion, unjust enrichment, money had and received, violation of California Penal Code § 496(a), violations of RICO, aiding and abetting fraud, and declaratory relief. Cachet asserts “actual damages” of approximately \$8.5 million, seeks three times its actual damages on its Section 496(a) claim (or approximately \$25.6 million), and costs of suit and attorneys’ fees. Cachet also seeks “treble damages according to proof and attorneys’ fees,” and for its aiding abetting fraud claim, Cachet seeks “general, consequential and special damages in an amount to be proven at trial.” On April 28, 2023, the Pioneer Parties filed a motion to dismiss the amended complaint. On September 6, 2023, the Court entered an order granting in part and denying in part the Pioneer Parties’ motion. In particular, the Court dismissed Cachet’s claims for violations of RICO, violation of California Penal Code § 496(a), aiding and abetting fraud and conversion, and for declaratory relief. The Court denied the Pioneer Parties’ motion as to the claims for conversion, unjust enrichment, and money had and received. The Court permitted Cachet to file a second amended complaint. On September 20, 2023, Cachet filed a motion for reconsideration of the Court’s Order. The Pioneer Parties filed their opposition on October 26, 2023, and Cachet filed its reply on November 2, 2023. On November 16, 2023, the Court entered an order granting the motion to the extent of clarifying certain rulings in the September 6, 2023 order relating to the denial of the motion to dismiss as to Cachet’s conversion claim and the dismissal of Cachet’s RICO claim. Cachet initially filed its second amended complaint on February 5, 2024, but pursuant to a stipulation and order entered on February 29, 2024, Cachet withdrew that version of the second amended complaint and filed a revised second amended complaint on April 8, 2024. The second amended complaint asserts claims for conversion, unjust enrichment, money had and received, violations of RICO, and aiding and abetting conversion and fraud. On May 8, 2024, the Pioneer Parties filed a motion to dismiss the second amended complaint. Briefing on the motion was completed on June 27, 2024. A hearing on the motion was held by the Court on July 11, 2024. On August 28, 2024, the Court entered an order granting in part and denying in part the Pioneer Parties’ motion. In particular, the court dismissed with prejudice Cachet’s claims for aiding and abetting conversion and fraud and dismissed without prejudice Cachet’s RICO claims. The court denied the Pioneer Parties’ motion to dismiss the claims for conversion, unjust enrichment, and money had and received. On October 10, 2024, the Pioneer Parties filed an answer to the second amended complaint, as well as a motion to strike certain allegations in the second amended complaint relating to the dismissed claims. Briefing on the motion to strike was completed on November 7, 2024, and a hearing on the motion was held on November 14, 2024. On November 25, 2024, the Court entered an order granting in part and denying in part the motion to strike. This matter is currently in discovery.

On February 4, 2020, Berkshire Hills Bancorp Inc.’s wholly owned subsidiary Berkshire Bank (“Berkshire Bank”) filed a complaint against the Bank in the Supreme Court of the State of New York for Albany County resulting from Berkshire Bank’s participation interest in the commercial loan relationship to the Mann Entities. The complaint alleges that the Bank breached the amended and restated loan participation agreement between the Bank and Berkshire Bank dated as of June 27, 2018, breached the amended and restated loan participation agreement between the Bank and Berkshire Bank dated as of August 12, 2019, engaged in constructive fraud, engaged in fraudulent inducement, engaged in fraudulent concealment, and negligently misrepresented certain material information. The complaint seeks to recover \$15.6 million and additional damages. On November 30, 2022, Berkshire Bank filed an amended complaint asserting substantially similar claims to those asserted in the original complaint, except that it excised the claim for negligent misrepresentation that the Court previously had dismissed, and included claims for breach of the loan participation agreement between the Bank and Berkshire Bank dated as of June 29, 2017 and separate claims for fraudulent inducement with respect to each of the three loan participation agreements. On January 30, 2023, the Bank filed its answer to the amended complaint and asserted counterclaims against Berkshire Bank for breach of the amended and restated loan participation agreement between the Bank and Berkshire Bank dated as of August 12, 2019, as well as a claim for a declaratory judgment that Berkshire Bank ratified the agreement and may not contest its validity. On March 7, 2025, Berkshire Bank filed a motion for leave to file a second amended complaint. The second amended complaint asserts the same causes of action as the first amended complaint, except that it also adds three new causes of action that seek a portion of the proceeds of the Bank’s

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settlement of the Bank's claims against outside auditors for alleged professional malpractice in auditing the annual consolidated financial statements of Valuewise Corporation and its subsidiaries for the fiscal years 2010 to 2018. Briefing on the motion to amend was completed on April 11, 2025, and the motion is now pending before the Court for decision. This matter is currently in discovery.

On February 4, 2020, Chemung Financial Corporation's wholly owned subsidiary, Chemung Canal Trust Company ("Chemung"), filed a complaint against the Bank in the Supreme Court of the State of New York for Albany County resulting from Chemung's participation interest in the commercial loan relationship to the Mann Entities. The complaint alleges that the Bank breached the participation agreement between the Bank and Chemung dated as of August 12, 2019, engaged in fraudulent activities, engaged in constructive fraud, and negligently misrepresented and omitted certain material information. The complaint seeks to recover \$4.2 million and additional damages. On July 21, 2023, Chemung filed an amended complaint that asserts the same causes of actions as the original complaint (except that it excised the claim for negligent misrepresentation previously dismissed by the Court), but includes additional factual allegations. On September 19, 2023, the Bank filed its answer to the amended complaint and asserted counterclaims against Chemung for breach of the loan participation agreement between the Bank and Chemung dated as of August 12, 2019, as well as a claim for a declaratory judgment that Chemung ratified the agreement and may not contest its validity. On March 7, 2025, Chemung filed a motion for leave to file a second amended complaint. The second amended complaint asserts the same causes of action as the first amended complaint, except that it also adds three new causes of action that seek a portion of the proceeds of the Bank's settlement of the Bank's claims against outside auditors for alleged professional malpractice in auditing the annual consolidated financial statements of Valuewise Corporation and its subsidiaries for the fiscal years 2010 to 2018. Briefing on the motion to amend was completed on April 11, 2025, and the motion is now pending before the Court for decision. This matter is currently in discovery.

On August 31, 2020, AXH Air-Coolers, LLC ("AXH") filed a complaint against the Pioneer Parties, and unnamed employees of the Pioneer Parties in the United States District Court for the Northern District of New York. The complaint alleges that the Pioneer Parties wrongfully converted certain tax funds belonging to AXH, were unjustly enriched by the wrongful taking of tax funds belonging to AXH, and were grossly negligent in allowing AXH's tax funds to be misappropriated, offset, converted, or stolen. The prayer for relief in AXH's complaint seeks \$336,000, plus penalties and interest, attorney's fees, and punitive damages. The complaint relates to the same alleged taxes sought in the Southwestern, and NatPay complaints. On August 12, 2022, AXH filed an amended complaint asserting gross negligence, unjust enrichment, and accounting claims against the Pioneer Parties. The amended complaint seeks the same relief as in the original complaint. On August 26, 2022, the Pioneer Parties filed their answer to the amended complaint. Thereafter, discovery on the matter proceeded until the Court issued a stay of the action on June 30, 2024. The stay is expected to be in effect until at least June 10, 2025.

On May 14, 2021, the Bank filed a verified petition for a hearing, pursuant to 21 U.S.C. § 853(n)(2), to adjudicate the validity of the Bank's interest in approximately \$14.9 million in cash and securities forfeited by Michael Mann pursuant to a preliminary order of forfeiture in *U.S. v. Mann* filed in United States District Court for the Northern District of New York. The Bank's petition alleges that it has a valid security interest in the forfeited property, and that the forfeited property should thus be turned over to the Bank. On June 28, 2021, the government filed a motion to dismiss the Bank's petition. On July 30, 2021, the Bank filed opposition to the government's motion to dismiss the Bank's petition. On August 13, 2021, the government filed a reply to the Bank's opposition to the government's motion to dismiss the Bank's petition. On October 14, 2022, the magistrate judge assigned to the case entered a report and recommendation recommending the motion to dismiss the Bank's petition be granted in part and denied in part. On October 28, 2022, the Bank filed an objection to the magistrate judge's report and recommendation. The government filed its opposition to the Bank's objection on November 21, 2022. On April 5, 2024, the district judge entered an order overruling the Bank's objection and affirming the magistrate judge's report and recommendation. The court ordered the matter to proceed to a hearing but has not yet set a date for the hearing. On February 27, 2025, the magistrate judge assigned to the case denied the Bank's motion to file an amended petition. This matter is currently in discovery.

On September 2, 2022, two substantially similar putative class action complaints were filed against the Pioneer Parties in the Supreme Court of the State of New York for Albany County. The first complaint was filed by Brandes & Yancy PLLC and Ricardo's Restaurant, Inc., two alleged clients of Southwestern which seek to assert claims on behalf of all current or former Southwestern clients based on the same set of facts as the AXH, and Granite Solutions complaints as described above, and the alleged taxes sought in the Southwestern, and NatPay complaints. The second complaint was

filed by O'Malley's Oven LLC and Legat Architects, Inc., two alleged clients of MyPayrollHR.Com, LLC and ProData Payroll Services, Inc., affiliates of Cloud Payroll, LLC (collectively, "Cloud Payroll"). Similar to the first complaint described above, the two named plaintiffs in the second complaint seek to assert claims on behalf of all current or former Cloud Payroll clients based on the same set of facts as the AXH, and Granite Solutions complaints as described above, and the alleged taxes sought in the Southwestern, and NatPay complaints. Both complaints assert claims against the Pioneer Parties for conversion, gross negligence, unjust enrichment, money had and received, tortious interference with contract, aiding and abetting fraud, and a declaratory judgment. Both complaints also seek to recover compensatory and punitive damages, plus pre-judgment interest, costs, expenses, disbursements, and reasonable attorneys' fees. The Pioneer Parties acknowledged service of the complaints as of December 30, 2022. On February 28, 2023, the Pioneer Parties filed motions to dismiss the complaints. On April 7, 2023, the plaintiffs filed amended complaints that assert the same causes of action but include additional allegations. On April 27, 2023, the Pioneer Parties elected to withdraw their pending motions to dismiss and file renewed motions to dismiss the amended complaints. The Pioneer Parties filed renewed motions to dismiss on June 26, 2023. On August 25, 2023, plaintiffs in both putative class actions filed their responses to the renewed motions to dismiss filed by the Pioneer Parties. On October 6, 2023, the Pioneer Parties filed their reply to the response of the plaintiffs. On February 1, 2024, the court entered an order, on its own motion, staying both actions pending the outcome of the ongoing, earlier-filed federal litigation described above. On January 31, 2025, the parties submitted a joint written update to the court concerning the status of the federal litigation. These actions remain stayed pending the outcome of that litigation.

The Company and the Bank have received inquiries and requests for information from regulatory agencies relating to some of the entities and events that are the subjects of certain lawsuits described above. This has resulted in, or may in the future result in, regulatory agency investigations, litigation, subpoenas, enforcement actions, and related sanctions or costs. The Company and the Bank continue to cooperate with inquiries and respond to requests as appropriate.

The New York State Department of Financial Services (the "NYSDFS") made requests for production of documents, conducted interviews with Bank employees, and took other investigatory actions with respect to the Bank's practices associated with the Mann Parties. The Bank has complied with these requests, producing responsive, non-privileged documents to the NYSDFS. In Summer 2021, NYSDFS informed the Bank that if the parties could not reach a negotiated resolution related to NYSDFS's findings arising from the Bank's practices associated with the Mann Parties, NYSDFS would proceed to an administrative hearing on the issue. NYSDFS did not further pursue negotiations of the matter in or around the second part of 2023. Thereafter, the Bank converted from a New York chartered savings bank to a national bank, with the approval of the Office of the Comptroller of the Currency (the "OCC"), as of April 1, 2024. As a result of the conversion, the OCC has now assumed the regulatory oversight responsibilities previously held by NYSDFS.

9. FAIR VALUE

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The fair values of securities are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs) or 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 (Level 2 inputs).

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The fair value of interest rate swaps are based on valuation models using observable market data as of the measurement date (Level 2). The fair value of derivatives are classified as a component of other assets and other liabilities on the consolidated statements of condition.

The fair value of individually evaluated loans are valued at the lower of cost or fair value. Individually evaluated loans carried at fair value have been partially charged-off or receive a specific allocation of the allowance for credit losses on loans. For collateral dependent loans, fair value 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 appraisers to adjust for differences between the comparable sales and income data available. Such adjustments result in a Level 3 classification of the inputs for determining fair value.

Nonrecurring adjustments to certain commercial and residential real estate properties classified as other real estate owned (“OREO”) are measured at fair value, less costs to sell. Fair values are based on recent real estate appraisals. These appraisals may use 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. Such adjustments result in a Level 3 classification of the inputs for determining fair value.

Assets and Liabilities Measured on a Recurring Basis

Assets and liabilities measured at fair value on a recurring basis are summarized below (dollars in thousands):

		Fair Value Measurements at March 31, 2025 Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Available for sale securities:				
U.S. Treasury	\$ 172,853	\$ 172,853	\$ —	\$ —
Mortgage-backed securities:				
U.S. Government agency securities	23,847	—	23,847	—
Government-sponsored enterprises	22,376	—	22,376	—
Collateralized mortgage obligations:				
U.S. Government agency securities	22,594	—	22,594	—
Government-sponsored enterprises	53,260	—	53,260	—
Municipal obligations	16,100	—	16,100	—
Total available for sale securities	311,030	172,853	138,177	—
Derivative assets ⁽¹⁾	10,729	—	10,729	—
Total	\$ 321,759	\$ 172,853	\$ 148,906	\$ —
Liabilities:				
Derivative liabilities ⁽¹⁾	\$ 10,729	\$ —	\$ 10,729	\$ —
Total	\$ 10,729	\$ —	\$ 10,729	\$ —

		Fair Value Measurements at December 31, 2024 Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Available for sale securities:				
U.S. Treasury	\$ 216,706	\$ 216,706	\$ —	\$ —
Mortgage-backed securities:				
U.S. Government agency securities	19,328	—	19,328	—
Government-sponsored enterprises	16,889	—	16,889	—
Collateralized mortgage obligations:				
U.S. Government agency securities	17,548	—	17,548	—
Government-sponsored enterprises	33,241	—	33,241	—
Municipal obligations	17,825	—	17,825	—
Total available for sale securities	321,537	216,706	104,831	—
Derivative assets ⁽¹⁾	13,735	—	13,735	—
Total	\$ 335,272	\$ 216,706	\$ 118,566	\$ —
Liabilities:				
Derivative liabilities ⁽¹⁾	\$ 13,735	\$ —	\$ 13,735	\$ —
Total	\$ 13,735	\$ —	\$ 13,735	\$ —

(1) Additional information regarding the impact of offsetting cash collateral can be found in Note 5 – Derivatives.

Assets and Liabilities Measured on a Non-Recurring Basis

Assets and liabilities measured at fair value on a non-recurring basis are summarized below (dollars in thousands):

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
March 31, 2025				
Individually evaluated loans:				
Commercial loans	\$ 1,001	\$ —	\$ —	\$ 1,001

Loans individually evaluated for credit losses where the amortized cost was adjusted to fair value had a carrying amount of \$1.2 million with a valuation allowance of \$169,000 resulting in an estimated fair value of \$1.0 million as of March 31, 2025. There were no loans individually evaluated for credit losses where the amortized cost was adjusted to fair value as of December 31, 2024.

The Company had no OREO at March 31, 2025 and December 31, 2024.

The following table presents additional quantitative information about assets measured at fair value on a nonrecurring basis and for which the Company has utilized Level 3 inputs to determine fair value (dollars in thousands):

	Fair Value	Valuation Technique	Significant Unobservable Inputs	Significant Unobservable Input Range (Weighted Average)
March 31, 2025				
Individually evaluated loans:				
Commercial loans	\$ 1,001	Appraisal of collateral (1)	Liquidation expense (2)	11.0%

- (1) Fair value is generally determined through independent appraisals of the underlying collateral that generally include various level 3 inputs which are not identifiable.
- (2) Estimated selling costs.

The carrying and estimated fair values of financial assets and liabilities were as follows (dollars in thousands):

	March 31, 2025				
			Fair Value Measurements Using		
	Carrying Amount	Estimated Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets					
Cash and cash equivalents	\$ 139,626	\$ 139,626	\$ 139,626	\$ —	\$ —
Securities available for sale	311,030	311,030	172,853	138,177	—
Securities held to maturity	31,437	28,335	—	28,335	—
FHLBNY and FRBNY stock	3,608	3,608	—	3,608	—
Net loans receivable	1,487,176	1,445,874	—	—	1,445,874
Accrued interest receivable	8,379	8,379	—	8,379	—
Derivative assets ⁽¹⁾	10,729	10,729	—	10,729	—
Financial liabilities					
Deposits					
Savings, money market, and demand accounts	\$ 1,571,582	\$ 1,571,582	\$ —	\$ 1,571,582	\$ —
Time deposits	150,065	149,265	—	149,265	—
Mortgagors' escrow deposits	6,508	6,508	—	6,508	—
Derivative liabilities ⁽¹⁾	10,729	10,729	—	10,729	—
December 31, 2024					
			Fair Value Measurements Using		
	Carrying Amount	Estimated Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets					
Cash and cash equivalents	\$ 96,521	\$ 96,521	\$ 96,521	\$ —	\$ —
Securities available for sale	321,537	321,537	216,706	104,831	—
Securities held to maturity	25,400	22,457	—	22,457	—
FHLBNY and FRBNY stock	5,283	5,283	—	5,283	—
Net loans receivable	1,434,575	1,373,719	—	—	1,373,719
Accrued interest receivable	7,937	7,937	—	7,937	—
Derivative assets ⁽¹⁾	13,735	13,735	—	13,735	—
Financial liabilities					
Deposits					
Savings, money market, and demand accounts	\$ 1,411,385	\$ 1,411,385	\$ —	\$ 1,411,385	\$ —
Time deposits	174,798	173,881	—	173,881	—
Mortgagors' escrow deposits	8,097	8,097	—	8,097	—
FHLB advances	40,000	39,995	—	39,995	—
Derivative liabilities ⁽¹⁾	13,735	13,735	—	13,735	—

(1) Additional information regarding the impact of offsetting cash collateral can be found in Note 5 – Derivatives.

Short-Term Financial Instruments

The fair value of certain financial instruments are estimated to approximate their carrying amounts because the remaining term to maturity or period to repricing of the financial instrument is less than ninety days. Such financial instruments include cash and cash equivalents, accrued interest receivable, and mortgagor's escrow deposits.

Securities

Fair values of securities available for sale and securities held to maturity are determined as outlined earlier in this footnote.

FHLBNY and FRBNY Stock

The fair value of FHLBNY and FRBNY stock approximates its carrying value due to transferability restrictions.

Loans

Fair values are estimated for portfolios of loans with similar financial characteristics. Loans are segregated by type, including residential real estate, commercial real estate, and consumer loans and whether the interest rates are fixed and/or variable.

The estimated fair values of performing loans are calculated by discounting scheduled cash flows through the estimated maturity using estimated market discount rates that reflect the credit and interest rate risk inherent in the respective loan portfolio.

Estimated fair values for nonperforming loans are based on estimated cash flows discounted using a rate commensurate with the credit risk involved. Assumptions regarding credit risk, cash flows, and discount rates are judgmentally determined using available market information and specific borrower information.

Derivatives

Fair values of derivative assets and liabilities are determined as outlined earlier in this footnote.

Deposits

The estimated fair value of deposits with no stated maturity, such as savings, money market and demand deposits, is regarded to be the amount payable on demand. The estimated fair value of time deposits is based on the discounted value of contractual cash flows. The discount rate is estimated using market rates for time deposits with similar maturities. The fair value estimates for deposits do not include the benefit that results from the low-cost funding provided by the deposits as compared to the cost of borrowing funds in the market.

10. REVENUE RECOGNITION

In general, for revenue not associated with financial instruments, guarantees and lease contracts, we apply the following steps when recognizing revenue from contracts with customers: (i) identify the contract, (ii) identify the performance obligations, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations and (v) recognize revenue when performance obligation is satisfied. Our contracts with customers are generally short term in nature, typically due within one year or less or cancellable by us or our customer upon a short notice period. Performance obligations for our customer contracts are generally satisfied at a single point in time, typically when the transaction is complete. In some cases, we act in an agent capacity, deriving revenue through assisting other entities in transactions with our customers. In such transactions, we recognized revenue and the related costs to provide our services on a net basis in our financial statements. These transactions primarily relate to insurance and brokerage commissions, and fees derived from our customers' use of various interchange and ATM/debit card networks.

Revenue associated with financial instruments, including revenue from loans and securities is excluded from the scope of the accounting guidance for revenue from contracts with customers. In addition, certain noninterest income streams such as fees associated with mortgage servicing rights, financial guarantees, derivatives, and certain credit card fees are also not in scope of the accounting guidance for revenue from contracts with customers. The accounting guidance for revenue from contracts with customers is applicable to noninterest revenue streams such as deposit related fees, interchange fees, and insurance and wealth management services commissions.

The following presents noninterest income, segregated by revenue streams in-scope and out-of-scope of the accounting guidance for revenue from contracts with customers, for the three months ended March 31, 2025 and 2024.

	For the Three Months Ended March 31,	
	2025	2024
	(Dollars in thousands)	
Noninterest Income		
<i>In scope</i>		
Insurance services	\$ 499	\$ 671
Wealth management services	1,827	1,627
Service charges on deposit accounts	594	588
Card services income	661	666
Other	70	86
Noninterest income in scope	3,651	3,638
Noninterest income out of scope	74	596
Total noninterest income	\$ 3,725	\$ 4,234

11. EARNINGS PER SHARE

The following table summarizes the calculation of basic and diluted earnings per common share (in thousands, except for share and per share amounts):

	For the Three Months Ended March 31,	
	2025	2024
	(Dollars in thousands, except share and per share amounts)	
Net income applicable to common stock	\$ 5,763	\$ 4,719
Average number of common shares outstanding	25,519,217	25,977,679
Less: Average unallocated ESOP shares	706,465	757,380
Weighted-average number of common shares outstanding - basic	24,812,752	25,220,299
Add: Effect of dilutive stock options and restricted stock	124,278	—
Weighted-average number of common shares outstanding - diluted	24,937,030	25,220,299
Net earnings per common share:		
Basic	\$ 0.23	\$ 0.19
Diluted	\$ 0.23	\$ 0.19

Potential common shares from stock options that were not included in the computation of diluted earnings per common share, because they were anti-dilutive under the treasury stock method, were 852,500 for the three months ended March 31, 2025. There were no anti-dilutive shares for the three months ended March 31, 2024.

Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

Statement Regarding Forward-Looking Statements

Certain statements contained herein are “forward looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements are generally identified by use of the words “believe,” “expect,” “intend,” “anticipate,” “estimate,” “project” or similar expressions, or future or conditional verbs, such as “will,” “would,” “should,” “could,” or “may.” The Company’s ability to predict results or the actual effect of future plans or strategies is inherently uncertain. No assurance can be given that the future results covered by forward-looking statements will be achieved. Certain forward-looking statements are included in this Form 10-Q, principally in the section captioned “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” In addition to the factors described in Item 1A – Risk Factors, factors which could have a material adverse effect on the operations of the Company and its subsidiaries include, but are not limited to:

- inflation and changes in market interest rates that could reduce our margins and yields, reduce the fair value of financial instruments or reduce our volume of loan originations, or increase the level of defaults, losses and prepayments on loans we have made and make, whether held in our portfolio or sold in the secondary market;
- risks related to the variety of litigation, investigations, and other proceedings described in the “Legal Proceedings” section of this report, including associated legal expenses;
- general economic conditions, either nationally or in our market area, that are worse than expected, including any resulting changes in consumer spending, borrowing and savings habits;
- increased competition, including competition among other institutions within our market area as well as other non-traditional competitors;
- changes in the level and direction of loan delinquencies and charge-offs and changes in estimates of the adequacy of our allowance for credit losses;
- our ability to access cost-effective funding;
- fluctuations in real estate values and both residential and commercial real estate market conditions;
- demand for loans and deposits in our market area;

- changes in our partnership with a third-party mortgage banking company;
- our ability to continue to implement our business strategies, including entering new markets successfully, capitalizing on growth opportunities, and attracting and retaining key employees;
- changes in laws or government regulations or policies affecting financial institutions, including changes in regulatory fees and capital requirements, and any future FDIC insurance premium increases or special assessments;
- our ability to manage market risk, credit risk and operational risk;
- the imposition of tariffs or other domestic or international governmental policies;
- our ability to successfully integrate into our operations any assets, liabilities, systems, personnel or customers we have or may in the future acquire, including our ability to realize related revenue synergies and cost savings within expected time frames and any goodwill charges related thereto;
- our ability to maintain our reputation;
- our ability to prevent or mitigate fraudulent activity;
- fluctuations or adverse changes in the stock market, which may have a significant adverse effect on transaction fees, client activity and client investment portfolio gains and losses related to our wealth management business;
- certain events in the recent past involving the failure of financial institutions which have adversely affected market sentiment toward regional banks, which may result in decreased deposits and increased regulatory costs that could adversely affect our liquidity, our business, and the market price of our common stock;
- a breach in security of our information systems, including the occurrence of a cyber incident or a deficiency in cyber security;
- political instability or civil unrest, acts of war or terrorism or pandemics;
- changes in accounting policies and practices, as may be adopted by the bank regulatory agencies, the Financial Accounting Standards Board (the “FASB”), the Securities and Exchange Commission (the “SEC”) or the Public Company Accounting Oversight Board;
- our ability to attract and retain key employees;
- our ability to evaluate the amount and timing of recognition of future tax assets and liabilities;
- our compensation expense associated with equity benefits allocated or awarded to our employees; and
- changes in the financial condition, results of operations or future prospects of issuers of securities that we own.

Additional factors that may affect our results are discussed in the transition report on Form 10-KT for the six months ended December 31, 2024, under the heading “Risk Factors” and this Form 10-Q, under the heading “Risk Factors.” The Company disclaims any obligation to revise or update any forward-looking statements contained in this quarterly report on Form 10-Q to reflect future events or developments, except as required by applicable law.

Overview

Net Interest Income. Our primary source of income is net interest income. Net interest income is the difference between interest income, which is the income we earn on our loans and investments, and interest expense, which is the interest we pay on our deposits and borrowings.

Provision for Credit Losses. We charge provisions for credit losses to operations in order to maintain our allowance for credit losses on loans, securities held to maturity and unfunded commitments at a level that is considered reasonable and necessary to absorb expected credit losses inherent in the loan portfolio and securities held to maturity portfolio, as well as expected losses on commitments to grant loans that are expected to be advanced at the statements of condition date. Loans are charged against the allowance when management believes that the collectability of the principal loan amount is not probable. Recoveries on loans previously charged-off, if any, are credited to the allowance for credit losses when realized.

Non-interest Income. Our primary sources of non-interest income are banking fees and service charges, insurance and wealth management services income, other gains and losses, and miscellaneous income.

Non-Interest Expense. Our non-interest expenses consist of salaries and employee benefits, net occupancy and equipment, data processing, advertising and marketing, insurance premiums, federal deposit insurance premiums, professional fees, and other general and administrative expenses.

Salaries and employee benefits consist primarily of salaries and wages paid to our employees, payroll taxes, and expenses for worker's compensation and disability insurance, health insurance, retirement plans and other employee benefits, as well as commissions, share-based compensation and other incentives.

Net occupancy and equipment expenses, which are the fixed and variable costs of buildings and equipment, consist primarily of depreciation charges, rental expenses, furniture and equipment expenses, maintenance, real estate taxes, net gain or loss on disposal or impairment of premises and equipment, and costs of utilities. Depreciation of premises and equipment is computed using a straight-line method based on the estimated useful lives of the related assets or the expected lease terms, if shorter.

Data processing expenses are fees we pay to third parties for use of their software and for processing customer information, deposits and loans.

Advertising and marketing includes most marketing expenses including multi-media advertising (public and in-store), promotional events and materials, civic and sales focused memberships, and community support.

Insurance premiums include expense related to various insurance policies, excluding federal deposit insurance premiums.

Federal deposit insurance premiums are payments we make to the FDIC for insurance of our deposit accounts.

Professional fees include legal and other consulting expenses.

Other general and administrative expenses include expenses for office supplies, postage, telephone, insurance and other miscellaneous operating expenses.

Income Tax Expense. Our income tax expense is the total of the current year income tax due or refundable and the change in deferred tax assets and liabilities. Deferred tax assets and liabilities are the expected future tax amounts for the temporary differences between the carrying amounts and the tax basis of assets and liabilities, computed using enacted tax rates. A valuation allowance, if needed, reduces deferred tax assets to the amounts expected to be realized.

“More Than a Bank” Strategy

At the heart of our success is our distinctive business strategy to operate as a diversified financial institution focused on our relationship-based model of creating client advocacy through our highly engaged employees.

We have continued to thrive through our focused approach to executing on key elements of our business strategy, including strategically growing through deepening client relationships, maintaining an appropriate balance in the overall loan portfolio, diversifying and growing our products and services, working to increase our share of lower-cost core deposits, evaluating opportunities for selective acquisitions, and our ongoing focus on our commitment to an engaged workforce.

As we look forward, our strategic focus remains clear: to deliver long-term value to our stockholders while serving the needs of our clients, employees, and communities. Our strategy of being “More Than a Bank” will continue to prioritize growth in key markets, disciplined lending, and expanding our product and service offerings to meet evolving client needs.

Critical Accounting Policies and Estimates

The discussion and analysis of the financial condition and results of operations are based on our financial statements, which are prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”). The preparation of these financial statements requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of income and expenses. We consider the accounting policies and estimates discussed below to be critical accounting policies and estimates. The estimates and assumptions that we use are based on historical experience and various other factors and are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions, resulting in a change that could have a material impact on the carrying value of our assets and liabilities and our results of operations.

The following represent our critical accounting policies and estimates:

Allowance for Credit Losses. The allowance for credit losses consists of the allowance for credit losses on loans, securities held to maturity and unfunded commitments. The measurement of Current Expected Credit Losses (“CECL”) on financial instruments requires an estimate of the credit losses expected over the life of an exposure (or pool of exposures). The estimate of expected credit losses under the CECL approach is based on relevant information about past events, current conditions, macroeconomic variables (e.g., civilian unemployment and U.S. gross domestic product (“GDP”)), and reasonable and supportable forecasts from the Federal Open Market Committee (“FOMC”) that affect the collectability of the reported amounts. Historical loss experience is generally the starting point for estimating expected credit losses. The Company then considers whether the historical loss experience should be adjusted for asset-specific risk characteristics or current conditions at the reporting date that did not exist over the period from which historical experience was used. Finally, the Company considers forecasts about future economic conditions that are reasonable and supportable. On a case-by-case basis, the Company may conclude that a loan should be evaluated on an individual basis based on its disparate risk characteristics. When the Company determines that a loan no longer shares similar risk characteristics with other loans in the portfolio, the allowance will be determined on an individual basis using the present value of expected cash flows or, for collateral-dependent loans, the estimated fair value of the collateral, as applicable. The allowance for credit losses on loans and securities held to maturity, as reported in our consolidated statements of condition, are adjusted by a provision for credit losses, which is recognized in earnings, and reduced by the charge-offs, net of recoveries. The allowance for credit losses on unfunded commitments represents the expected credit losses on off-balance sheet commitments such as unfunded commitments to extend credit and standby letters of credit. However, a liability is not recognized for commitments unconditionally cancellable by the Company. The allowance for credit losses on unfunded commitments is determined by estimating future draws and applying the expected loss rates on those draws and is included in other liabilities on the Company’s consolidated statements of condition.

As a substantial percentage of our loan portfolio is collateralized by real estate, appraisals of the underlying value of property securing loans are critical in determining the amount of the allowance required for specific loans. Assumptions are instrumental in determining the value of properties. Overly optimistic assumptions or negative changes to assumptions could significantly affect the valuation of a property securing a loan and the related allowance determined. Management

carefully reviews the assumptions supporting such appraisals to determine that the resulting values reasonably reflect amounts realizable on the related loans.

Management of the Company considers the accounting policy relating to the allowance for credit losses to be a critical accounting estimate given the uncertainty in evaluating the level of the allowance required to cover management's estimate of all expected credit losses over the expected contractual life of our loan portfolios. Determining the appropriateness of the allowance is complex and requires judgment by management about the effect of matters that are inherently uncertain, including making significant estimates of current credit risks and trends using existing quantitative and qualitative information, and reasonable and supportable forecasts of future economic conditions, which may undergo frequent and material changes. Subsequent evaluations of the then-existing loan portfolios, in light of changes in economic conditions, new information regarding existing loans and other factors, may result in significant changes in the allowance for credit losses in those future periods. For example, changes to the FOMC's forecasted civilian unemployment rate and year-over-year U.S. GDP growth could have a material impact on the model's estimation of the allowance for credit losses on loans. An immediate increase of 100 basis points in the FOMC's projected rate of civilian unemployment and a decrease of 100 basis points in the FOMC's projected rate of U.S. GDP growth would increase the model's total calculated allowance for credit losses on loans by \$1.3 million, or 6.0%, assuming qualitative adjustments are kept at current levels. While management's current evaluation of the allowance for credit losses indicates that the allowance is appropriate, the allowance may need to be increased under adversely different conditions or assumptions. Additionally, changes in those factors and inputs may not occur at the same rate and inputs may be directionally inconsistent, such that improvements in one factor may offset deterioration in others. Going forward, the impact of utilizing the CECL approach to calculate the allowance for credit losses will be significantly influenced by the composition, characteristics and quality of our loan portfolios, as well as the prevailing economic conditions and forecasts utilized. Material changes to these and other relevant factors may result in greater volatility to the allowance for credit losses, and therefore, greater volatility to our reported earnings.

Actual loan losses may be significantly more than the allowance we have established which could have a material negative effect on our financial results.

Legal Proceedings and Other Contingent Liabilities. In the ordinary course of business, we are involved in a number of legal, regulatory, governmental and other proceedings, claims or investigations that could result in losses, including damages, fines and/or civil penalties, which could be significant concerning matters arising from the conduct of our business. In view of the inherent difficulty of predicting the outcome of such matters, particularly where the claimants seek large or indeterminate damages, we generally cannot predict the eventual outcome of the pending matters, timing of the ultimate resolution of these matters, or eventual loss, fines or penalties related to each pending matter. In accordance with applicable accounting guidance, we establish an accrued liability when those matters present loss contingencies that are both probable and estimable. Our estimate of potential losses will change over time and the actual losses may exceed these estimates, and there may be an exposure to loss in excess of any amounts accrued. As a matter develops, management, in conjunction with any outside counsel handling the matter, evaluate on an ongoing basis whether such matter presents a loss contingency that is probable and estimable; or where a loss is reasonably possible, whether in excess of a related accrued liability or where there is no accrued liability, whether it is possible to estimate a range of possible loss. Once the loss contingency is deemed to be both probable and estimable, we establish an accrued liability and record a corresponding amount of litigation-related expense. We continue to monitor the matters for further developments, including our interactions with various regulatory agencies with supervisory authority over us, that could affect the amount of the accrued liability that has been previously established. These estimates are based upon currently available information and are subject to significant judgment, a variety of assumptions and known and unknown uncertainties. The matters underlying the accrued liability and estimated range of possible losses are unpredictable and may change from time to time, and actual losses may vary significantly from the current estimate and accrual which could have a material negative effect on our financial results. The estimated range of possible loss does not represent our maximum loss exposure.

Average Balances and Yields

The following table sets forth average balances, average yields and costs, and certain other information for the periods indicated. No tax-equivalent yield adjustments have been made, as the effects would be immaterial. All average balances are daily average balances. Non-accrual loans were included in the computation of average balances. The yields set forth below include the effect of deferred fees, discounts, and premiums that are amortized or accreted to interest income or interest expense, as applicable.

	For the Three Months Ended March 31,					
	2025			2024		
	Average Outstanding Balance	Interest	Average Yield/Cost (4)	Average Outstanding Balance	Interest	Average Yield/Cost (4)
(Dollars in thousands)						
Interest-earning assets:						
Loans	\$ 1,467,963	\$ 21,170	5.98 %	\$ 1,301,493	\$ 18,740	5.92 %
Securities	357,171	3,781	4.36 %	337,408	2,341	2.82 %
Interest-earning deposits and other	79,999	897	4.63 %	148,493	2,034	5.62 %
Total interest-earning assets	1,905,133	25,848	5.62 %	1,787,394	23,115	5.30 %
Non-interest-earning assets	136,805			144,174		
Total assets	\$ 2,041,938			\$ 1,931,568		
Interest-bearing liabilities:						
Demand deposits	\$ 153,853	\$ 713	1.89 %	\$ 188,082	\$ 856	1.84 %
Savings deposits	261,066	84	0.13 %	268,911	43	0.06 %
Money market deposits	599,526	4,222	2.89 %	500,529	3,474	2.82 %
Certificates of deposit	153,011	1,399	3.76 %	129,029	1,163	3.67 %
Total interest-bearing deposits	1,167,456	6,418	2.25 %	1,086,551	5,536	2.07 %
Borrowings and other	34,603	347	4.13 %	22,077	248	4.60 %
Total interest-bearing liabilities	1,202,059	6,765	2.30 %	1,108,628	5,784	2.11 %
Non-interest-bearing deposits	499,327			494,909		
Other non-interest-bearing liabilities	32,020			41,728		
Total liabilities	1,733,406			1,645,265		
Total shareholders' equity	308,532			286,303		
Total liabilities and shareholders' equity	\$ 2,041,938			\$ 1,931,568		
Net interest income		\$ 19,083			\$ 17,331	
Net interest rate spread (1)			3.32 %			3.19 %
Net interest-earning assets (2)	\$ 703,074			\$ 678,766		
Net interest margin (3)			4.12 %			3.96 %
Average interest-earning assets to interest-bearing liabilities	158.49 %			161.23 %		

- (1) Net interest rate spread represents the difference between the weighted average yield on interest-earning assets and the weighted average cost of interest-bearing liabilities.
- (2) Net interest-earning assets represent total interest-earning assets less total interest-bearing liabilities.
- (3) Net interest margin represents net interest income divided by average total interest-earning assets.
- (4) Annualized.

Rate/Volume Analysis

The following table presents the effects of changing rates and volumes on our net interest income for the periods indicated. The rate column shows the effects attributable to changes in rate (changes in rate multiplied by prior volume). The volume column shows the effects attributable to changes in volume (changes in volume multiplied by prior rate). The total column represents the sum of the prior two columns. For purposes of this table, changes attributable to both rate and volume, which cannot be segregated, have been allocated proportionately based on the changes due to rate and the changes due to volume.

	Three Months Ended March 31, 2025 vs. 2024		
	Increase (Decrease) Due to		Total Increase (Decrease)
	Volume	Rate	
	(Dollars in thousands)		
Interest-earning assets:			
Loans	\$ 2,250	\$ 180	\$ 2,430
Securities	139	1,301	1,440
Interest-earning deposits and other	(821)	(316)	(1,137)
Total interest-earning assets	1,568	1,165	2,733
Interest-bearing liabilities:			
Demand deposits	(165)	22	(143)
Savings deposits	(1)	42	41
Money market deposits	669	79	748
Certificates of deposit	210	26	236
Total interest-bearing deposits	713	169	882
Borrowings and other	128	(29)	99
Total interest-bearing liabilities	841	140	981
Change in net interest income	\$ 727	\$ 1,025	\$ 1,752

Comparison of Financial Condition at March 31, 2025 and December 31, 2024

Total Assets. Total assets of \$2.07 billion at March 31, 2025 increased \$89.3 million, or 4.5%, from \$1.98 billion at December 31, 2024. The increase was due primarily to an increase of \$52.6 million, or 3.7%, in net loans receivable and an increase of \$43.1 million, or 44.7% in cash and cash equivalents.

Cash and Cash Equivalents. Total cash and cash equivalents of \$139.6 million at March 31, 2025, increased \$43.1 million, or 44.7%, from \$96.5 million at December 31, 2024.

Securities Available for Sale. Total securities available for sale of \$311.0 million at March 31, 2025 decreased \$10.5 million, or 3.3%, from \$321.5 million at December 31, 2024. The decrease was primarily due to maturities, paydowns and calls of \$61.6 million, offset in part by purchases of \$47.8 million during the three months ended March 31, 2025.

Securities Held to Maturity. Total securities held to maturity of \$31.4 million at March 31, 2025 increased \$6.0 million, or 23.8%, from \$25.4 million at December 31, 2024. The increase was primarily due to purchases of \$9.2 million, offset in part by maturities and paydowns of \$3.1 million during the three months ended March 31, 2025.

Net Loans Receivable. Net loans receivable of \$1.49 billion at March 31, 2025 increased \$52.6 million, or 3.7%, from \$1.43 billion at December 31, 2024. The increase in net loans receivable was primarily a result of growth in the residential mortgage loan portfolio which increased by \$30.8 million, or 4.5%, to \$720.4 million at March 31, 2025 from \$689.6 million at December 31, 2024. Commercial construction loans increased by \$11.9 million, or 9.1%, to \$142.9 million at March 31, 2025 from \$131.0 million at December 31, 2024, commercial real estate loans increased by \$9.5 million, or 2.3%, to \$424.3 million at March 31, 2025 from \$414.8 million at December 31, 2024, consumer loans increased by \$1.9 million, or 10.8%, to \$19.5 million at March 31, 2025 from \$17.6 million at December 31, 2024, and commercial and industrial loans increased by \$1.3 million, or 1.2%, to \$109.8 million at March 31, 2025 from \$108.5 million at December 31, 2024. These increases were partially offset by a decrease in home equity loans and lines of credit of \$1.8 million, or 1.9%, to \$93.1 million at March 31, 2025 from \$94.9 million at December 31, 2024.

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The increase in residential mortgage loans was primarily related to the Bank's relationship with a third-party mortgage banking company which facilitated an increase in residential mortgage loan volume, despite the higher interest rate environment. The increase in commercial construction loans was due to funding of increased construction commitments. The increase in commercial real estate loans and commercial and industrial loans was due to loan funding outpacing loan payoffs. The increase in consumer loans was due to the purchase of \$5.0 million in unsecured consumer loans during the quarter.

The following table presents our commercial real estate loan portfolio by industry sector at March 31, 2025.

	At March 31, 2025	
	Amount	Percent
	(Dollars in thousands)	
Commercial real estate loans:		
Multi-family	\$ 124,867	29.4 %
Owner-occupied real estate:		
Retail	24,474	5.8 %
Office	22,114	5.2 %
Warehouse	9,204	2.2 %
Accommodation and food service	7,959	1.9 %
Mixed use	6,309	1.5 %
Other real estate	17,891	4.2 %
Total owner-occupied real estate	87,951	20.8 %
Non-owner occupied real estate:		
Retail	70,369	16.6 %
Office	38,774	9.1 %
Warehouse	35,765	8.4 %
Accommodation and food service	35,121	8.3 %
Mixed use	6,789	1.6 %
Other real estate	24,658	5.8 %
Total non-owner occupied real estate	211,476	49.8 %
Total commercial real estate loans	\$ 424,294	100.0 %

Our commercial real estate loans are secured primarily by multi-family properties, office buildings, industrial facilities, retail facilities and other commercial properties, substantially all of which are located in our primary market area.

Deposits. Deposits of \$1.72 billion at March 31, 2025 increased \$135.5 million, or 8.5%, from \$1.59 billion at December 31, 2024. By deposit category, money market accounts increased by \$108.2 million, or 19.4%, to \$666.7 million at March 31, 2025 from \$558.5 million at December 31, 2024, non-interest-bearing demand accounts increased by \$55.0 million, or 12.1%, to \$509.3 million at March 31, 2025 from \$454.3 million at December 31, 2024, and savings accounts increased by \$4.3 million, or 1.7%, to \$264.5 million at March 31, 2025 from \$260.2 million at December 31, 2024. These increases were offset in part by a decrease in certificate of deposits of \$24.7 million, or 14.1%, to \$150.1 million at March 31, 2025 from \$174.8 million at December 31, 2024 (included in certificates of deposit were brokered deposits which decreased by \$27.0 million to \$13.0 million at March 31, 2025 from \$40.0 million at December 31, 2024), and by a decrease in demand accounts of \$7.3 million, or 5.3%, to \$131.1 million at March 31, 2025 from \$138.4 million at December 31, 2024.

The increase in money market accounts and non-interest-bearing demand accounts was primarily related to growth in municipal deposits due to seasonality and growth in commercial deposits. The decrease in certificates of deposit was primarily due to a decrease in brokered deposits, partially offset by a migration of funds from non-interest bearing demand, savings and other lower rate interest-bearing accounts. The decrease in demand accounts was primarily related to migration of funds to higher interest-bearing accounts.

The following table sets forth the distribution of total deposits by depositor type as of the dates indicated.

	March 31, 2025		At December 31, 2024	
	Amount	Percent	Amount	Percent
	(Dollars in thousands)			
Retail deposits	\$ 814,437	47.3 %	\$ 848,505	53.5 %
Business deposits	348,818	20.3 %	297,936	18.8 %
Municipal deposits	558,392	32.4 %	439,742	27.7 %
Total	<u>\$ 1,721,647</u>	<u>100.0 %</u>	<u>\$ 1,586,183</u>	<u>100.0 %</u>

Uninsured deposits represents the portion of deposit accounts that exceed FDIC insurance limits. The Company calculates its uninsured deposit balances based on the same methodologies and assumptions used for regulatory reporting requirements, which includes collateralized deposits.

The following table estimates uninsured deposits after certain exclusions:

	At March 31, 2025	At December 31, 2024
	(In thousands)	
Uninsured deposits, per regulatory requirements	\$ 872,118	\$ 688,288
Less: Affiliate deposits	43,047	44,051
Collateralized deposits	558,392	439,742
Uninsured deposits, after exclusions	<u>\$ 270,679</u>	<u>\$ 204,495</u>

Uninsured deposits after exclusions represents 15.7% and 12.9% of total deposits as of March 31, 2025 and December 31, 2024, respectively. The Company believes that this presentation of uninsured deposits provides a more accurate view of deposits at risk as affiliate deposits are not customer facing and therefore are eliminated upon consolidation, and collateralized deposits are fully secured by investments and municipal letters of credits.

Borrowings from Federal Home Loan Bank of New York (“FHLBNY”). There were no borrowings from FHLBNY at March 31, 2025, compared to \$40.0 million at December 31, 2024. The decrease in borrowings from FHLBNY was due to the payoff of the borrowings during the three months ended March 31, 2025.

Total Shareholders’ Equity. Total shareholders’ equity of \$310.7 million at March 31, 2025 increased \$6.1 million, or 2.0%, from \$304.6 million at December 31, 2024 primarily as a result of net income of \$5.8 million and an increase in accumulated other comprehensive income of \$1.5 million, partially offset by the repurchase of common stock of \$1.6 million.

Comparison of Operating Results for the Three Months Ended March 31, 2025 and March 31, 2024

General. Net income increased by \$1.1 million to \$5.8 million for the three months ended March 31, 2025 as compared to \$4.7 million for the three months ended March 31, 2024. The increase was primarily due to an increase in net interest income of \$1.8 million and a decrease in non-interest expense of \$838,000, offset in part by an increase in the provision for credit losses of \$720,000, a decrease in non-interest income of \$509,000, and by an increase in income tax expense of \$317,000.

Interest and Dividend Income. Interest and dividend income increased \$2.7 million, or 11.8%, to \$25.8 million for the three months ended March 31, 2025, from \$23.1 million for the three months ended March 31, 2024 due to increases in interest income on loans and interest income on securities, offset in part by a decrease in interest income on interest-earning deposits with banks and other. The increase was the result of a 32 basis points increase in the average yield on interest-earning assets to 5.62% for the three months ended March 31, 2025, from 5.30% for the three months ended March 31, 2024. The increase in the average yield on interest-earning assets was driven by market related increases in interest rates on new loans and on investment securities purchased. Average interest-earning assets increased by \$117.7 million from \$1.79 billion for the three months ended March 31, 2024 to \$1.91 billion for the three months ended March 31, 2025 primarily due to the increase in the average balance of loans.

Interest income on loans increased \$2.5 million, or 13.0%, to \$21.2 million for the three months ended March 31, 2025 from \$18.7 million for the three months ended March 31, 2024. Interest income on loans increased due to a \$166.5 million increase in the average balance of loans to \$1.47 billion for the three months ended March 31, 2025 from \$1.30 billion for the three months ended March 31, 2024, coupled with a six basis points increase in the average yield on loans to 5.98% for the three months ended March 31, 2025 from 5.92% for the three months ended March 31, 2024. The increase in the average balance of loans was principally due to purchases of residential mortgage loans. The increase in average yield on loans was primarily due to market related increases in interest rates on new loans.

Interest income on securities increased \$1.5 million, or 61.5%, to \$3.8 million for the three months ended March 31, 2025 from \$2.3 million for the three months ended March 31, 2024. Interest income on securities increased due to a \$19.8 million increase in the average balance of securities to \$357.2 million for the three months ended March 31, 2025 from \$337.4 million for the three months ended March 31, 2024, and a 154 basis points increase in the average yield on securities to 4.36% for the three months ended March 31, 2025 from 2.82% for the three months ended March 31, 2024. The increase in the average balance and average yield of securities was primarily due to the purchases of new securities during the three months ended March 31, 2025 and the higher market interest rates for new securities that were purchased replacing maturities of lower yielding securities.

Interest income on interest-earning deposits with banks and other decreased \$1.1 million to \$897,000 for the three months ended March 31, 2025 from \$2.0 million for the three months ended March 31, 2024. Interest income on interest-earning deposits with banks and other decreased due to a \$68.5 million decrease in the average balances on interest-earning deposits with banks and other to \$80.0 million for the three months ended March 31, 2025 from \$148.5 million for the three months ended March 31, 2024, primarily due to an increase in the average balances of loans and securities, as well as a 99 basis points decrease in the average yield on interest-earning deposits with banks and other to 4.63% for the three months ended March 31, 2025 from 5.62% for the three months ended March 31, 2024 primarily due to changes in market interest rates.

Interest Expense. Interest expense increased \$981,000 to \$6.8 million for the three months ended March 31, 2025 from \$5.8 million for the three months ended March 31, 2024 as a result of increases in interest expense on deposits. The increase was primarily due to a 19 basis points increase in the average cost of interest-bearing liabilities to 2.30% for the three months ended March 31, 2025 from 2.11% for the three months ended March 31, 2024, as well as a shift in the mix of interest-bearing liabilities to higher interest rate liability accounts.

Interest expense on interest-bearing deposits increased \$882,000 to \$6.4 million for the three months ended March 31, 2025 from \$5.5 million for the three months ended March 31, 2024. Interest expense on interest-bearing deposits increased primarily due to a 18 basis points increase in the average cost of interest-bearing deposits to 2.25% for the three months ended March 31, 2025 from 2.07% for the three months ended March 31, 2024, as well as a shift in the mix of interest-bearing deposits to higher interest rate deposit accounts and an increase in average interest-bearing deposits of \$80.9 million to \$1.17 billion for the three months ended March 31, 2025 from \$1.09 billion for the three months ended March 31, 2024. The increase in the average cost of interest-bearing deposits was due primarily to the upward repricing of certain interest-bearing deposit accounts in response to changes in market interest rates, as well as a shift in the mix of deposits towards higher cost interest-bearing accounts. The increase in the average balance of interest-bearing deposits was due to higher average money market and certificates of deposit balances.

Interest expense on borrowings and other liabilities increased \$99,000 to \$347,000 for the three months ended March 31, 2025 from \$248,000 for the three months ended March 31, 2024 due primarily to an increase in the average borrowings and other liabilities of \$12.5 million to \$34.6 million for the three months ended March 31, 2025 from \$22.1 million for the three months ended March 31, 2024, offset in part by a decrease in the average cost of borrowings and other liabilities of 47 basis points to 4.13% for the three months ended March 31, 2025 from 4.60% for the three months ended March 31, 2024.

Net Interest Income. Net interest income of \$19.1 million for the three months ended March 31, 2025 increased \$1.8 million, or 10.1%, compared to \$17.3 million for the three months ended March 31, 2024 as net interest margin increased 16 basis points to 4.12% for the three months ended March 31, 2025 from 3.96% for the three months ended March 31, 2024, and due to an increase in net interest-earning assets by \$24.3 million to \$703.1 million for the three months ended March 31, 2025 from \$678.8 million for the three months ended March 31, 2024. Net interest rate spread

increased 13 basis points to 3.32% for the three months ended March 31, 2025 from 3.19% for the three months ended March 31, 2024.

Provision for Credit Losses. The provision for credit losses was \$800,000 for the three months ended March 31, 2025, as compared to a provision for credit losses of \$80,000 for the three months ended March 31, 2024. The increase in the provision for credit losses for the three months ended March 31, 2025 was primarily due to changes in current economic conditions and growth in the loan portfolio. Non-performing assets were \$10.7 million, or 0.52% of total assets, at March 31, 2025, compared to \$5.2 million, or 0.27% of total assets, at December 31, 2024 and \$8.7 million, or 0.44% of total assets, at March 31, 2024. The allowance for credit losses on loans was \$22.8 million at March 31, 2025, compared to \$21.8 million at December 31, 2024 and \$21.6 million at March 31, 2024, representing 1.51%, 1.49% and 1.62% of total loans outstanding, respectively. Net charge-offs were \$15,000 for the three months ended March 31, 2025, compared to net charge-offs of \$20,000 for the three months ended March 31, 2024. Annualized net charge-offs were 0.00% of average loans for the three months ended March 31, 2025, compared to annualized net charge-offs of 0.01% of average loans for the three months ended March 31, 2024.

Non-Interest Income. Non-interest income decreased \$509,000, or 12.0%, to \$3.7 million for the three months ended March 31, 2025 as compared to \$4.2 million for the three months ended March 31, 2024. The decrease in noninterest income for the three months ended March 31, 2025 was primarily due to \$386,000 of net gain on equity securities during the three months ended March 31, 2024.

Non-Interest Expense. Non-interest expense decreased \$838,000, or 5.4%, to \$14.6 million for the three months ended March 31, 2025 as compared to \$15.4 million for the three months ended March 31, 2024. The decrease in noninterest expense for the three months ended March 31, 2025 was primarily due to a decrease in professional fees of \$1.2 million and a decrease in other expenses of \$456,000, offset in part by an increase in salaries and employee benefits of \$907,000. Professional fees decreased due to lower legal fees and expenses as compared to the prior-year period. Other expenses decreased due to a benefit for the other cost components of the net periodic pension and post-retirement benefits cost during the three months ended March 31, 2025. Salaries and employee benefits increased primarily due to compensation expense from annual merit increases as well as due to share-based compensation costs recognized during the three months ended March 31, 2025 for the stock awards granted during the three months ended June 30, 2024.

Income Tax Expense. Income tax expense increased \$317,000 to \$1.7 million for the three months ended March 31, 2025 as compared to \$1.3 million for the three months ended March 31, 2024 primarily due to an increase in income before income taxes. Our effective tax rate was 22.3% for the three months ended March 31, 2025 compared to 22.1% for the three months ended March 31, 2024.

Asset Quality and Allowance for Credit Losses

Asset Quality. Non-accrual loans are loans for which collectability is questionable and, therefore, interest on such loans will no longer be recognized on an accrual basis. All loans that become 90 days or more delinquent are placed on non-accrual status unless the loan is well secured and in the process of collection. When loans are placed on non-accrual status, unpaid accrued interest is fully reversed, and further income is recognized only to the extent received on a cash basis or cost recovery method.

When we acquire real estate as a result of foreclosure, the real estate is classified as real estate owned. The real estate owned is recorded at the lower of carrying amount or fair market value, less estimated costs to sell. Any excess of the recorded value of the loan over the fair market value of the property is charged against the allowance for credit losses, or, if the existing allowance is inadequate, charged to expense in the current period. After acquisition, all costs incurred in maintaining the property are expensed. Costs relating to the development and improvement of the property, however, are capitalized to the extent of estimated fair value less estimated costs to sell.

The table below sets forth the amounts and categories of our non-performing assets at the dates indicated.

	At March 31, 2025	At December 31, 2024
	(Dollars in thousands)	
Non-accrual loans:		
Commercial real estate	\$ 5,864	\$ —
Commercial and industrial	9	10
Commercial construction	—	—
Residential mortgages	3,867	4,127
Home equity loans and lines of credit	955	1,109
Consumer	—	—
Total non-accrual loans	10,695	5,246
Accruing loans past due 90 days or more:		
Commercial real estate	1	1
Commercial and industrial	—	—
Commercial construction	—	—
Residential mortgages	—	—
Home equity loans and lines of credit	—	—
Consumer	—	—
Total accruing loans past due 90 days or more	1	1
Real estate owned:		
Commercial real estate	—	—
Commercial and industrial	—	—
Commercial construction	—	—
Residential mortgages	—	—
Home equity loans and lines of credit	—	—
Consumer	—	—
Total real estate owned	—	—
Total non-performing assets	\$ 10,696	\$ 5,247
Total non-performing loans to total loans	0.71 %	0.36 %
Total non-performing assets to total assets	0.52 %	0.27 %

Non-accrual loans increased \$5.5 million to \$10.7 million at December 31, 2024 from \$5.2 million at December 31, 2024 primarily due to a \$4.7 million commercial real estate loan relationship consisting of four loans secured by multiple office, warehouse and industrial properties and a \$844,000 commercial real estate loan secured by manufactured housing parks being placed on non-accrual during the three months ended March 31, 2025.

Classified Assets. Federal regulations provide for the classification of loans and other assets, such as debt and equity securities considered to be of lesser quality, as “substandard,” “doubtful” or “loss.” An asset is considered “substandard” if it is inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. “Substandard” assets include those characterized by the “distinct possibility” that the insured institution will sustain “some loss” if the deficiencies are not corrected. Assets classified as “doubtful” have all of the weaknesses inherent in those classified “substandard,” with the added characteristic that the weaknesses present make “collection or liquidation in full,” on the basis of currently existing facts, conditions, and values, “highly questionable and improbable.” Assets classified as “loss” are those considered “uncollectible” and of such little value that their continuance as assets without the establishment of a specific loss allowance is not warranted. Assets which do not currently expose the insured institution to sufficient risk to warrant classification in one of the aforementioned categories but possess weaknesses are designated as “special mention.”

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The following table sets forth our amounts of all classified loans and loans designated as special mention as of March 31, 2025 and December 31, 2024.

	March 31, 2025	December 31, 2024
	(In thousands)	
Classification of Loans:		
Substandard	\$ 27,504	\$ 24,630
Doubtful	1,277	117
Loss	—	—
Total Classified Loans	<u>\$ 28,781</u>	<u>\$ 24,747</u>
Special Mention	<u>\$ 7,493</u>	<u>\$ 4,918</u>

Total substandard loans increased \$2.9 million to \$27.5 million at March 31, 2025 from \$24.6 million at December 31, 2024 primarily due to the migration from the pass category to the substandard category of a \$3.0 million commercial real estate loan relationship consisting of two loans secured by manufactured housing parks.

Total special mention loans increased by \$2.6 million to \$7.5 million at March 31, 2025 from \$4.9 million at December 31, 2024 primarily due to the migration from the pass category to the special mention category of a \$1.1 million commercial real estate loan relationship consisting of three loans secured by various multi-family properties, and the migration from the pass category to the special mention category of a \$1.5 million commercial and industrial loan secured by the business assets.

Total doubtful loans increased by \$1.2 million to \$1.3 million at March 31, 2025 from \$117,000 at December 31, 2024 primarily due to the migration from the pass category to the doubtful category of a \$844,000 commercial real estate loan secured by manufactured housing parks.

Allowance for Credit Losses on Loans. The measurement of Current Expected Credit Losses (“CECL”) on loans requires an estimate of the credit losses expected over the life of an exposure (or pool of exposures). The estimate of expected credit losses under the CECL approach is based on relevant information about past events, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amounts. Historical loss experience is generally the starting point for estimating expected credit losses. The Company then considers whether the historical loss experience should be adjusted for asset-specific risk characteristics or current conditions at the reporting date that did not exist over the period from which historical experience was used. Finally, the Company considers forecasts about future economic conditions that are reasonable and supportable. On a case-by-case basis, the Company may conclude that a loan should be evaluated on an individual basis based on its disparate risk characteristics. When the Company determines that a loan no longer shares similar risk characteristics with other loans in the portfolio, the allowance will be determined on an individual basis using the present value of expected cash flows or, for collateral-dependent loans, the estimated fair value of the collateral, as applicable. The allowance for credit losses on loans, as reported in our consolidated statements of condition, is adjusted by a provision for credit losses, which is recognized in earnings, and reduced by the charge-off of loans, net of recoveries.

Determining the appropriateness of the allowance is complex and requires judgments by our management about the effect of matters that are inherently uncertain. Subsequent evaluations of the then-existing loan portfolios, in light of the factors then prevailing, may result in significant changes in the allowance for credit losses in those future periods. While management’s current evaluation of the allowance for credit losses indicates that the allowance is appropriate, the allowance may need to be increased under adversely different conditions or assumptions. The impact of utilizing the CECL approach to calculate the allowance for credit losses is significantly influenced by the composition, characteristics and quality of our loan portfolios, as well as the prevailing economic conditions and forecasts utilized. Material changes to these and other relevant factors may result in greater volatility to the allowance for credit losses, and therefore, greater volatility to our reported earnings.

In addition, bank regulators periodically review our allowance for credit losses on loans and as a result of such reviews, we may have to materially adjust our allowance for credit losses on loans or recognize further loan charge-offs.

The following table sets forth activity in our allowance for credit losses on loans for the periods indicated.

	At or for the Three Months Ended March 31,	
	2025	2024
	(Dollars in thousands)	
Allowance at beginning of period	\$ 21,754	\$ 21,362
Provision for credit losses	1,071	258
Charge offs:		
Commercial real estate	—	—
Commercial and industrial	—	—
Commercial construction	—	—
Residential mortgages	4	6
Home equity loans and lines of credit	23	—
Consumer	29	24
Total charge-offs	56	30
Recoveries:		
Commercial real estate	—	—
Commercial and industrial	6	6
Commercial construction	—	—
Residential mortgages	29	—
Home equity loans and lines of credit	—	2
Consumer	6	2
Total recoveries	41	10
Net charge-offs	15	20
Allowance at end of period	\$ 22,810	\$ 21,600
Allowance to non-performing loans	213.26 %	248.56 %
Allowance to total loans outstanding at the end of the period	1.51 %	1.62 %
Net charge-offs (recoveries) to average loans outstanding during the period (1)		
Commercial real estate	— %	— %
Commercial and industrial	(0.02)%	(0.03)%
Commercial construction	— %	— %
Residential mortgages	(0.01)%	— %
Home equity loans and lines of credit	0.10 %	(0.01)%
Consumer	0.41 %	0.38 %
Total	— %	0.01 %

(1) Annualized.

Liquidity and Capital Resources

Liquidity. Liquidity describes our ability to meet the financial obligations that arise in the ordinary course of business. Liquidity is primarily needed to meet the borrowing and deposit withdrawal requirements of our customers and to fund current and planned expenditures. Our primary sources of funds are deposits, principal and interest payments on loans and securities, and proceeds from calls, maturities and sales of securities. We also have the ability to borrow from the Federal Home Loan Bank of New York. At March 31, 2025, we had the ability to borrow up to \$554.7 million from the Federal Home Loan Bank of New York, of which none was utilized for borrowings and \$250.0 million was utilized as collateral for letters of credit issued to secure municipal deposits. At March 31, 2025, we also had a \$20.0 million unsecured

line of credit with a correspondent bank with no outstanding balance, as well as the ability to borrow from the Federal Reserve Bank of New York through the discount window lending program, and access to the reciprocal and brokered deposit markets. We cannot predict the impact of the events described in “Part II, Item 1 – Legal Proceedings” may have on our Liquidity and Capital Resources beyond the quarter ended March 31, 2025.

The board of directors is responsible for establishing and monitoring our liquidity targets and strategies in order to ensure that sufficient liquidity exists for meeting the borrowing needs and deposit withdrawals of our customers as well as unanticipated contingencies. We believe that we had enough sources of liquidity to satisfy our short and long-term liquidity needs as of March 31, 2025.

While maturities and scheduled amortization of loans and securities are predictable sources of funds, deposit flows and loan prepayments are greatly influenced by general interest rates, economic conditions, and competition. Our most liquid assets are cash and cash equivalents. The levels of these assets are dependent on our operating, financing, lending and investing activities during any period. At March 31, 2025, cash and cash equivalents totaled \$139.6 million. Securities classified as available-for-sale, which provide additional sources of liquidity, totaled \$311.0 million at March 31, 2025.

We are committed to maintaining a strong liquidity position. We monitor our liquidity position on a daily basis. We anticipate that we will have sufficient funds to meet our current funding commitments. Certificates of deposit due within one year of March 31, 2025 totaled \$125.7 million, or 7.30%, of total deposits. If these deposits do not remain with us, we will be required to seek other sources of funds, including other deposits and Federal Home Loan Bank of New York advances. Depending on market conditions, we may be required to pay higher rates on such deposits or borrowings than we currently pay. We believe, however, based on past experience that a significant portion of such deposits will remain with us. We have the ability to attract and retain deposits by adjusting the interest rates offered.

Capital Resources. We are subject to various regulatory capital requirements administered by the Office of the Comptroller of the Currency (the “OCC”). At March 31, 2025, we exceeded all applicable regulatory capital requirements, and were considered “well capitalized” under regulatory guidelines.

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

Quantitative measures established by regulation to ensure capital adequacy requires the Bank to maintain minimum capital amounts and ratios (set forth in the table below) of Tier 1 capital (as defined in the regulations) to average assets (as defined), and common equity Tier 1, Tier 1 and total capital (as defined) to risk-weighted assets (as defined). Under Basel III rules, banks must hold a capital conservation buffer above the adequately capitalized risk-based capital ratios in order to avoid limitations on distributions and certain discretionary bonus payments to executive officers. The required capital conservation buffer is 2.50%.

The federal banking agencies, including the OCC, issued a rule pursuant to The Economic Growth Regulatory Relief and Consumer Protection Act of 2018 (the “Regulatory Relief Act”) to establish for institutions with assets of less than \$10 billion a “community bank leverage ratio” (the ratio of a bank’s tier 1 capital to average total consolidated assets) of 9% that qualifying institutions may elect to use in lieu of the generally applicable leverage and risk-based capital requirements under Basel III. If an election to use the community bank leverage ratio capital framework is made, a qualifying bank with less than \$10 billion in assets with capital exceeding the specified community bank leverage ratio is considered compliant with all applicable regulatory capital and leverage requirements, including the requirement to be “well capitalized.” As of March 31, 2025, the Bank had not elected to be subject to the alternative community bank leverage ratio framework.

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As of March 31, 2025, the Bank met all capital adequacy requirements to which it was subject. Further, the most recent OCC notification categorized the Bank as a well capitalized institution under the prompt corrective action regulations. There have been no conditions or events since the notification that management believes have changed the Bank's capital classification.

The actual capital amounts and ratios for the Bank are presented in the following tables (dollars in thousands):

	<u>Actual</u>		<u>For Capital Adequacy Purposes</u>		<u>For Capital Adequacy Purposes with Capital Buffer</u>		<u>To be Well Capitalized Under Prompt Corrective Action</u>	
	<u>Amount</u>	<u>Ratio</u>	<u>Amount</u>	<u>Ratio</u>	<u>Amount</u>	<u>Ratio</u>	<u>Amount</u>	<u>Ratio</u>
Pioneer Bank, National Association:								
As of March 31, 2025								
Tier 1 (leverage) capital	\$ 236,850	11.74 %	\$ 80,712	4.00 %	N/A	N/A	\$ 100,890	5.00 %
Risk-based capital								
Common Tier 1	\$ 236,850	17.86 %	\$ 59,661	4.50 %	\$ 92,806	7.00 %	\$ 86,177	6.50 %
Tier 1	\$ 236,850	17.86 %	\$ 79,548	6.00 %	\$ 112,692	8.50 %	\$ 106,064	8.00 %
Total	\$ 253,526	19.12 %	\$ 106,064	8.00 %	\$ 139,208	10.50 %	\$ 132,579	10.00 %
As of December 31, 2024								
Tier 1 (leverage) capital	\$ 231,140	12.07 %	\$ 76,623	4.00 %	N/A	N/A	\$ 95,779	5.00 %
Risk-based capital								
Common Tier 1	\$ 231,140	17.99 %	\$ 57,833	4.50 %	\$ 89,962	7.00 %	\$ 83,536	6.50 %
Tier 1	\$ 231,140	17.99 %	\$ 77,110	6.00 %	\$ 109,240	8.50 %	\$ 102,814	8.00 %
Total	\$ 247,305	19.24 %	\$ 102,814	8.00 %	\$ 134,943	10.50 %	\$ 128,517	10.00 %

Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

Off-Balance Sheet Arrangements. We are a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of our customers. The financial instruments include commitments to originate loans, unused lines of credit and standby letters of credit, which involve elements of credit and interest rate risk in excess of the amount recognized in the consolidated statements of condition. Our exposure to credit loss is represented by the contractual amount of the instruments. We use the same credit policies in making commitments as we do for on-balance sheet instruments.

At March 31, 2025, we had \$325.5 million of commitments to originate or purchase loans, comprised of \$194.1 million of commitments under commercial loans and lines of credit (including \$71.6 million of unadvanced portions of commercial construction loans), \$73.1 million of commitments under home equity loans and lines of credit, \$30.0 million of commitments to purchase residential mortgage loans and \$7.0 million of unfunded commitments under consumer lines of credit. In addition, at March 31, 2025, we had \$21.3 million in standby letters of credit outstanding.

Contractual Obligations. In the ordinary course of our operations, we enter into certain contractual obligations. Such obligations include data processing services, operating leases for premises and equipment, agreements with respect to borrowed funds and deposit liabilities.

Impact of Inflation and Changing Prices

Our consolidated financial statements and related notes have been prepared in accordance with GAAP. GAAP generally requires the measurement of financial position and operating results in terms of historical dollars without consideration for changes in the relative purchasing power of money over time due to inflation. The impact of inflation is reflected in the increased cost of our operations. Unlike industrial companies, our assets and liabilities are primarily monetary in nature. As a result, changes in market interest rates have a greater impact on performance than the effects of inflation.

Item 3 – Quantitative and Qualitative Disclosures About Market Risk

A smaller reporting company is not required to provide the information relating to this item.

Item 4 – Controls and Procedures

Disclosure controls and procedures are the controls and other procedures that are designed to ensure that information required to be disclosed in the reports that the Company files or submits under the Securities and Exchange Act of 1934, as amended (the “Exchange Act”) is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports that the Company files or submits under the Exchange Act is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

The Company maintains controls and procedures designed to ensure that information required to be disclosed in the reports that the Company files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC. As of March 31, 2025, the Company’s management, including the Company’s Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer), has evaluated the effectiveness of the Company’s disclosure controls and procedures as defined in Rules 13a-15 and 15d-15(e) under the Exchange Act. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, the Company’s disclosure controls and procedures are effective to ensure that information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must necessarily reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

There were no changes in the Company’s internal control over financial reporting that occurred during the quarter ended March 31, 2025 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1 – Legal Proceedings

Certain legal proceedings in which we are involved, including those related to the Mann Entities, are discussed in “Part I, Item 1 – Consolidated Financial Statements – Note 8 – Commitments and Contingent Liabilities – Legal Proceedings and Other Contingent Liabilities.”

Item 1A – Risk Factors

There have been no material changes to the risk factors set forth under Item 1.A. Risk Factors as set forth in the Company’s Transition Report on Form 10-KT for the six months ended December 31, 2024 (“Form 10-K”). Further, to the extent that any of the information contained in this Quarterly Report on Form 10-Q constitutes forward-looking statements, the risk factors set forth in the Form 10-K also are a cautionary statement identifying important factors that could cause our actual results to differ materially from those expressed in any forward-looking statements made by or on behalf of us.

Item 2 – Unregistered Sales of Equity Securities and Use of Proceeds

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

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The following table reports information regarding repurchases by the Company of its common stock in each month of the quarter ended March 31, 2025:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under Plans or Programs (1)
January 1 through January 31, 2025	-	\$ -	-	905,108
February 1 through February 28, 2025	-	-	-	905,108
March 1 through March 31, 2025	130,813	11.87	130,813	774,295
Total	130,813	\$ 11.87	130,813	774,295

- (1) On May 21, 2024, the Company announced it adopted a stock repurchase program. The stock repurchase program authorizes the Company to repurchase up to an aggregate of 1,298,883 shares, or approximately 5% of its then outstanding shares. The repurchase program permits shares to be repurchased in open market or private transactions, through block trades, and pursuant to any trading plan that may be adopted in accordance with Rule 10b5-1 of the Securities and Exchange Commission. The repurchase program has no expiration date.

Item 3 – Defaults Upon Senior Securities

None

Item 4 – Mine Safety Disclosures

Not applicable

Item 5 – Other Information

During the three months ended March 31, 2025, none of our directors or officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any “non-Rule 10b5-1 trading arrangement,” as that term is used in SEC regulations.

Item 6 – Exhibits

Exhibit No.	Description
31.1	Rule 13a-14(a) / 15d-14(a) Certification of the Chief Executive Officer
31.2	Rule 13a-14(a) / 15d-14(a) Certification of the Chief Financial Officer
32	Section 1350 Certification of the Chief Executive Officer and Chief Financial Officer
101	The following materials from Pioneer Bancorp, Inc. Form 10-Q for the three months ended March 31, 2025, formatted in Extensible Business Reporting Language (Inline XBRL): (i) the Consolidated Statements of Condition, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Changes in Shareholders’ Equity, (v) the Consolidated Statements of Cash Flows, and (vi) related notes.
104	Cover Page Interactive Data File (embedded in the cover page formatted in Inline XBRL)

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.

PIONEER BANCORP, INC.

(registrant)

May 9, 2025

/s/ Thomas L. Amell

Thomas L. Amell

President and Chief Executive Officer

May 9, 2025

/s/ Patrick J. Hughes

Patrick J. Hughes

Executive Vice President and Chief Financial Officer

EXHIBIT 31.1: Rule 13a-14(a) / 15d-14(a) Certification of the Chief Executive Officer

Certification of Chief Executive Officer

Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Thomas L. Amell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Pioneer 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 consolidated 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 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 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 fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) 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 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:
 - (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.

May 9, 2025

/s/ Thomas L. Amell

Thomas L. Amell

President and Chief Executive Officer

EXHIBIT 31.2: Rule 13a-14(a) / 15d-14(a) Certification of the Chief Financial Officer

Certification of Chief Financial Officer

Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Patrick J. Hughes, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Pioneer 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 consolidated 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 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 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 fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) 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 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:
 - (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.

May 9, 2025

/s/ Patrick J. Hughes

Patrick J. Hughes

Executive Vice President and Chief Financial Officer

EXHIBIT 32: Section 1350 Certification of the Chief Executive Officer and Chief Financial Officer

Certification pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Pioneer Bancorp, Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2025 as filed with the Securities and Exchange Commission (the “Report”), the undersigned hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

The purpose of this statement is solely to comply with Title 18, Chapter 63, Section 1350 of the United States Code, as amended by Section 906 of the Sarbanes-Oxley Act of 2002.

May 9, 2025

/s/ Thomas L. Amell

Thomas L. Amell

President and Chief Executive Officer

May 9, 2025

/s/ Patrick J. Hughes

Patrick J. Hughes

Executive Vice President and Chief Financial Officer
