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DELTA REPORT

10-Q

PGC - PEAPACK GLADSTONE FINANCI

10-Q - SEPTEMBER 30, 2024 COMPARED TO 10-Q - JUNE 30, 2024

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TOTAL DELTAS 2820

 CHANGES 536

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(MARK ONE)

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

For the Quarter Ended **June** **September** 30, 2024

OR

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

For the transition period from to

Commission File No. 001-16197

PEAPACK-GLADSTONE FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

New Jersey

(State or other jurisdiction of
incorporation or organization)

22-3537895

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

500 Hills Drive, Suite 300

Bedminster, New Jersey 07921-0700

(Address of principal executive offices, including zip code)

(908) 234-0700

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, no par value	PGC	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 requirement 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 Regulations S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See 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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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

Number of shares of Common Stock outstanding as of **August 1, 2024** November 1, 2024: **17,677,747** 17,585,306

PEAPACK-GLADSTONE FINANCIAL CORPORATION

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PEAPACK-GLADSTONE FINANCIAL CORPORATION CONSOLIDATED STATEMENTS OF CONDITION

(Dollars in thousands, except per share data)

	(unaudited)	(audited)	(unaudited)	(audited)
	June 30,	December 31,	September 30,	December 31,
	2024	2023	2024	2023
ASSETS				
Cash and due from banks	\$ 5,586	\$ 5,887	\$ 8,129	\$ 5,887
Federal funds sold	—	—	—	—
Interest-earning deposits	310,143	181,784	484,529	181,784
Total cash and cash equivalents	315,729	187,671	492,658	187,671
Securities available for sale	591,884	550,617	682,713	550,617
Securities held to maturity (fair value \$90,863 at June 30, 2024 and \$94,415 at December 31, 2023)	105,013	107,755		
Securities held to maturity (fair value \$92,438 at September 30, 2024 and \$94,415 at December 31, 2023)	103,158	107,755		
CRA equity security, at fair value	12,971	13,166	13,445	13,166
FHLB and FRB stock, at cost (A)	12,478	31,044	12,459	31,044
Loans held for sale, at fair value	228	100	561	100
Loans held for sale, at lower of cost or fair value	8,076	6,695	4,189	6,695
Loans	5,260,994	5,429,325	5,315,417	5,429,325
Less: allowance for credit losses	67,984	65,888	71,283	65,888
Net loans	5,193,010	5,363,437	5,244,134	5,363,437
Premises and equipment	24,932	24,166	25,716	24,166
Accrued interest receivable	33,534	30,676	31,973	30,676
Bank owned life insurance	47,716	47,581	47,837	47,581
Goodwill	36,212	36,212	36,212	36,212
Other intangible assets	9,258	9,802	8,986	9,802
Finance lease right-of-use assets	1,055	2,087	1,020	2,087
Operating lease right-of-use assets	38,683	12,096	41,650	12,096
Deferred tax assets, net	9,454	505	8,756	505
Due from broker	3,184	—		
Other assets	61,933	53,247	38,325	53,247
TOTAL ASSETS	\$ 6,505,350	\$ 6,476,857	\$ 6,793,792	\$ 6,476,857
LIABILITIES				
Deposits:				
Noninterest-bearing demand deposits	\$ 950,368	\$ 957,687	\$ 1,079,877	\$ 957,687
Interest-bearing deposits:				
Checking	3,229,814	2,882,193	3,316,217	2,882,193
Savings	105,602	111,573	103,979	111,573
Money market accounts	824,158	740,559	902,562	740,559
Certificates of deposit - retail	502,810	443,791	515,297	443,791
Certificates of deposit - listing service	7,454	7,804	7,454	7,804
Subtotal deposits	5,620,206	5,143,607	5,925,386	5,143,607
Interest-bearing demand - brokered	10,000	10,000	10,000	10,000
Certificates of deposit - brokered	26,000	120,507	—	120,507
Total deposits	5,656,206	5,274,114	5,935,386	5,274,114
Short-term borrowings	—	403,814	—	403,814
Finance lease liabilities	1,427	3,430	1,388	3,430
Operating lease liabilities	41,347	12,876	44,775	12,876
Subordinated debt, net	133,417	133,274	133,489	133,274
Due to brokers	9,981	—		
Accrued expenses and other liabilities	74,650	65,668	71,140	65,668

TOTAL LIABILITIES	5,917,028	5,893,176	6,186,178	5,893,176
SHAREHOLDERS' EQUITY	—	—	—	—
Preferred stock (no par value; authorized 500,000 shares; liquidation preference of \$1,000 per share)	—	—	—	—
Common stock (no par value; stated value \$0.83 per share; authorized 42,000,000 shares; issued shares, 21,515,730 at June 30, 2024 and 21,388,917 at December 31, 2023; outstanding shares, 17,666,490 at June 30, 2024 and 17,739,677 at December 31, 2023)	17,936	17,831		
Common stock (no par value; stated value \$0.83 per share; authorized 42,000,000 shares; issued shares, 21,526,987 at September 30, 2024 and 21,388,917 at December 31, 2023; outstanding shares, 17,577,747 at September 30, 2024 and 17,739,677 at December 31, 2023)	17,946	17,831		
Surplus	345,164	346,954	346,811	346,954
Treasury stock at cost (3,849,240 shares at June 30, 2024 and 3,649,240 shares at December 31, 2023)	(114,917)	(110,320)		
Treasury stock at cost (3,949,240 shares at September 30, 2024 and 3,649,240 shares at December 31, 2023)	(117,509)	(110,320)		
Retained earnings	408,481	394,094	415,186	394,094
Accumulated other comprehensive loss, net of income tax	(68,342)	(64,878)	(54,820)	(64,878)
TOTAL SHAREHOLDERS' EQUITY	588,322	583,681	607,614	583,681
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$ 6,505,350	\$ 6,476,857	\$ 6,793,792	\$ 6,476,857

(A) FHLB means "Federal Home Loan Bank" and FRB means "Federal Reserve Bank."

See accompanying notes to consolidated financial statements.

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PEAPACK-GLADSTONE FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(Dollars in thousands, except per share data)

(Unaudited)

	Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
	June 30,		June 30,		September 30,		September 30,	
	2024	2023	2024	2023	2024	2023	2024	2023
INTEREST INCOME								
Interest and fees on loans	\$ 71,645	\$ 68,490	\$ 144,176	\$ 132,962	\$ 73,111	\$ 71,846	\$ 217,287	\$ 204,808
Interest on investments:								
Taxable	5,168	4,900	10,304	9,371	6,107	5,170	16,411	14,541
Tax-exempt	—	9	—	17	—	5	—	22
Interest on loans held for sale	7	2	12	4	3	5	15	9
Interest on interest-earning deposits	2,418	1,451	3,940	2,989	3,982	1,463	7,922	4,452
Total interest income	79,238	74,852	158,432	145,343	83,203	78,489	241,635	223,832
INTEREST EXPENSE								
Interest on savings and interest-bearing deposit accounts	35,364	26,117	68,411	47,500	38,042	28,851	106,453	76,351
Interest on certificates of deposit	5,367	2,462	10,222	4,191	5,540	3,459	15,762	7,650
Interest on borrowed funds	381	5,384	3,848	6,680	—	6,569	3,848	13,249
Interest on finance lease liability	22	50	60	103	15	46	75	149
Interest on subordinated debt	1,686	1,597	3,370	3,236	1,685	1,730	5,055	4,966
Subtotal - interest expense	42,820	35,610	85,911	61,710	45,282	40,655	131,193	102,365

Interest on interest-bearing demand - brokered	134	125	260	333	134	136	394	469
Interest on certificates of deposits - brokered	1,242	196	2,844	401	106	1,183	2,950	1,584
Total interest expense	44,196	35,931	89,015	62,444	45,522	41,974	134,537	104,418
NET INTEREST INCOME BEFORE PROVISION FOR CREDIT LOSSES	35,042	38,921	69,417	82,899	37,681	36,515	107,098	119,414
Provision for credit losses	3,911	1,696	4,538	3,209	1,224	5,856	5,762	9,065
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	31,131	37,225	64,879	79,690	36,457	30,659	101,336	110,349
OTHER INCOME								
Wealth management fee income	16,419	14,252	30,826	28,014	15,150	13,975	45,976	41,989
Service charges and fees	1,345	1,320	2,667	2,578	1,327	1,319	3,994	3,897
Bank owned life insurance	328	305	831	602	390	310	1,221	912
Gain on loans held for sale at fair value (mortgage banking)	34	15	90	36	15	37	105	73
Gain on loans held for sale at lower of cost or fair value	23	—	23	—	—	—	23	—
Gain on sale of SBA loans	449	838	849	1,703	365	491	1,214	2,194
Corporate advisory fee income	103	15	921	95	55	85	976	180
Other income	2,938	2,039	4,244	3,606	1,162	3,541	5,406	7,147
Fair value adjustment for CRA equity security	(84)	(209)	(195)	—	474	(404)	279	(404)
Total other income	21,555	18,575	40,256	36,634	18,938	19,354	59,194	55,988
OPERATING EXPENSES								
Compensation and employee benefits	29,884	26,354	58,360	50,940	31,050	25,264	89,410	76,204
Premises and equipment	5,776	4,729	10,857	9,103	5,633	5,214	16,490	14,317
FDIC insurance expense	870	729	1,815	1,440	870	741	2,685	2,181
Other operating expense	6,596	5,880	12,135	11,783	7,096	6,194	19,231	17,977
Total operating expenses	43,126	37,692	83,167	73,266	44,649	37,413	127,816	110,679
INCOME BEFORE INCOME TAX EXPENSE	9,560	18,108	21,968	43,058	10,746	12,600	32,714	55,658
Income tax expense	2,030	4,963	5,807	11,558	3,159	3,845	8,966	15,403
NET INCOME	\$ 7,530	\$ 13,145	\$ 16,161	\$ 31,500	\$ 7,587	\$ 8,755	\$ 23,748	\$ 40,255
EARNINGS PER SHARE								
Basic	\$ 0.42	\$ 0.73	\$ 0.91	\$ 1.76	\$ 0.43	\$ 0.49	\$ 1.34	\$ 2.25
Diluted	\$ 0.42	\$ 0.73	\$ 0.91	\$ 1.74	\$ 0.43	\$ 0.49	\$ 1.34	\$ 2.23
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING								
Basic	17,747,070	17,930,611	17,729,355	17,886,154	17,616,046	17,856,961	17,691,309	17,876,316
Diluted	17,792,296	18,078,848	17,811,895	18,153,267	17,700,042	18,010,127	17,746,560	18,091,524

See accompanying notes to consolidated financial statements.

PEAPACK-GLADSTONE FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)
(Dollars in thousands)
(Uncaudited)

	Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
	June 30,		June 30,		September 30,		September 30,	
	2024	2023	2024	2023	2024	2023	2024	2023
Net income	\$ 7,530	\$ 13,145	\$ 16,161	\$ 31,500	\$ 7,587	\$ 8,755	\$ 23,748	\$ 40,255

Comprehensive income/(loss):								
Unrealized gains/(losses) on available for sale securities:								
Unrealized holding gains/(losses) arising during the period	(572)	(7,022)	(7,337)	1,747	23,974	(20,629)	16,637	(18,882)
	<u>(572)</u>	<u>(7,022)</u>	<u>(7,337)</u>	<u>1,747</u>	<u>23,974</u>	<u>(20,629)</u>	<u>16,637</u>	<u>(18,882)</u>
Tax effect	153	3,226	1,958	3,178	(6,400)	5,642	(4,442)	8,820
Net of tax	<u>(419)</u>	<u>(3,796)</u>	<u>(5,379)</u>	<u>4,925</u>	<u>17,574</u>	<u>(14,987)</u>	<u>12,195</u>	<u>(10,062)</u>
Unrealized gains/(losses) on cash flow hedges:								
Unrealized holding gains/(losses) arising during the period	(225)	4,775	2,647	2,043	(5,600)	1,861	(2,953)	3,904
Reclassification adjustment for amounts included in net income	—	(42)	—	(84)	—	—	—	(84)
	<u>(225)</u>	<u>4,733</u>	<u>2,647</u>	<u>1,959</u>	<u>(5,600)</u>	<u>1,861</u>	<u>(2,953)</u>	<u>3,820</u>
Tax effect	62	(1,489)	(732)	(670)	1,548	(530)	816	(1,200)
Net of tax	<u>(163)</u>	<u>3,244</u>	<u>1,915</u>	<u>1,289</u>	<u>(4,052)</u>	<u>1,331</u>	<u>(2,137)</u>	<u>2,620</u>
Total other comprehensive income/(loss)	<u>(582)</u>	<u>(552)</u>	<u>(3,464)</u>	<u>6,214</u>	<u>13,522</u>	<u>(13,656)</u>	<u>10,058</u>	<u>(7,442)</u>
Total comprehensive income	\$ 6,948	\$ 12,593	\$ 12,697	\$ 37,714				
Total comprehensive income/(loss)	<u>\$ 21,109</u>	<u>\$ (4,901)</u>	<u>\$ 33,806</u>	<u>\$ 32,813</u>				

See accompanying notes to consolidated financial statements.

(In thousands, except share and per share data)	PEAPACK-GLADSTONE FINANCIAL CORPORATION CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Dollars in thousands, except per share amounts)													
	Accumulated							Accumulated						
	Preferred	Common	Treasury	Retained	Comprehensive	Shareholders' Other	Total	Preferred	Common	Treasury	Retained	Comprehensive	Shareholders' Other	Total
Stock	Stock	Surplus	Stock	Earnings	Loss	Equity		Stock	Stock	Surplus	Stock	Earnings	Loss	Equity
Balance at April 1, 2024														
17,761,538 common shares outstanding	\$ —	\$ 17,932	\$ 343,111	\$ (112,742)	\$ 401,838	\$ (67,760)	\$ 582,379							

Balance at July 1, 2024													
17,666,490 common shares outstanding	\$ —	\$ 17,936	\$ 345,164	\$ (114,917)	\$ 408,481	\$ (68,342)	\$ 588,322						
Net income	—	—	—	—	7,530	—	7,530	—	—	—	7,587	—	
Comprehensive loss	—	—	—	—	—	(582)	(582)						
Restricted stock units issued, 605 shares	—	1	(1)	—	—	—	—						
Restricted stock units repurchased on vesting to pay taxes, (267) shares	—	(1)	(6)	—	—	—	(7)						
Comprehensive income	—	—	—	—	—	13,522	13,522						
Amortization of restricted stock units	—	—	1,289	—	—	—	1,289	—	—	1,395	—	—	
Modification of restricted stock units distributed in cash	—	—	662	—	—	—	662						
Cash dividends declared on common stock (\$0.05 per share)	—	—	—	—	(887)	—	(887)	—	—	—	(882)	—	
Share repurchase, (100,000) shares	—	—	—	(2,175)	—	—	(2,175)	—	—	(2,592)	—	—	(
Issuance of shares for Employee Stock Purchase Plan, 4,614 shares	—	4	109	—	—	—	113						
Balance at June 30, 2024													
17,666,490 common shares outstanding	\$ —	\$ 17,936	\$ 345,164	\$ (114,917)	\$ 408,481	\$ (68,342)	\$ 588,322						

Issuance of shares for Employee Stock Purchase Plan, 11,257	—	10	252	—	—	—	262
shares	—	10	252	—	—	—	262
Balance at September 30, 2024	17,577,747						
common shares outstanding	\$ —	\$ 17,946	\$ 346,811	\$ (117,509)	\$ 415,186	\$ (54,820)	\$ 607,614

(In thousands, except share and per share data)	Accumulated							Accumulated								
	Preferred Stock	Common Stock	Surplus	Treasury Stock	Retained Earnings	Other		Shareholders' Equity	Preferred Stock	Common Stock	Surplus	Treasury Stock	Retained Earnings	Other		Shareholders' Equity
						Comprehensive Loss	Total							Comprehensive Loss	Total	
Balance at April 1, 2023																
18,014,757 common shares outstanding	\$ —	\$ 17,750	\$ 339,060	\$ (100,677)	\$ 366,270	\$ (67,445)	\$ 554,958									
Balance at July 1, 2023																
17,887,895 common shares outstanding	\$ —	\$ 17,797	\$ 342,137	\$ (105,393)	\$ 378,525	\$ (67,997)	\$ 565,069									
Net income	—	—	—	—	—	13,145	—	13,145	—	—	—	—	—	8,755	—	
Comprehensive loss	—	—	—	—	—	—	(552)	(552)	—	—	—	—	—	(13,656)	(1	
Restricted stock units issued 77,986 shares	—	65	3	—	—	—	—	68								
Restricted stock units repurchased on vesting to pay taxes, (31,996) shares	—	(27)	(854)	—	—	—	—	(881)								
Restricted stock units issued 1,495 shares	—	(1)	(67)	—	—	—	—	(68)								

Restricted stock units repurchased on vesting to pay taxes, (515) shares	—	1	53	—	—	—	54				
Amortization of restricted stock units	—	—	3,643	—	—	—	3,643	—	—	2,269	—
Cash dividends declared on common stock (\$0.05 per share)	—	—	—	—	(890)	—	(890)	—	—	—	(893)
Share repurchase, (184,000) shares	—	—	—	(4,716)	—	—	(4,716)				
Common stock options exercised, 1,100 net of 60 used to exercise and related taxes benefits, 1,040 shares	—	1	14	—	—	—	15				
Issuance of shares for Employee Stock Purchase Plan, 10,108 shares	—	8	271	—	—	—	279				
Balance at June 30, 2023											
17,887,895 common shares outstanding	\$ —	\$ 17,797	\$ 342,137	\$ (105,393)	\$ 378,525	\$ (67,997)	\$ 565,069				
Share repurchase, (100,000) shares	—	—	—	(2,815)	—	—	(2,815)				
Issuance of shares for Employee Stock Purchase Plan, 8,850 shares	—	8	233	—	—	—	241				

Issuance of common stock for acquisition, 19,197 shares	—	16	(16)	—	—	—	—
Balance at September 30, 2023							
17,816,922 common shares outstanding	\$	—	\$ 17,821	\$ 344,609	\$ (108,208)	\$ 386,387	\$ (81,653) \$ 558,956

Six Months Ended June 30, 2024 and June 30, 2023

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(In thousands, except share and per share data)	Accumulated Other Comprehensi						
	Preferred		Common		Treasury		Retained Earnings
	Stock	Stock	Surplus	Stock	Stock	Loss	Total
Balance at January 1, 2024 17,739,677							
common shares outstanding	\$	—	\$ 17,831	\$ 346,954	\$ (110,320)	\$ 394,094	\$ (64,878) \$ 583,681
Net income	—	—	—	—	—	16,161	— 16,161
Comprehensive loss	—	—	—	—	—	—	(3,464) (3,464)
Restricted stock units issued, 147,679 shares	—	123	(123)	—	—	—	—
Restricted stock units repurchased on vesting to pay taxes, (36,625) shares	—	(31)	(846)	—	—	—	(877)
Amortization of restricted stock units	—	—	3,138	—	—	—	3,138
Modification of restricted stock units distributed in cash	—	—	(4,336)	—	—	—	(4,336)
Cash dividends declared on common stock (\$0.10 per share)	—	—	—	—	—	(1,774)	— (1,774)
Share repurchase, (200,000) shares	—	—	—	(4,597)	—	—	(4,597)
Issuance of shares for Employee Stock Purchase Plan, 15,759 shares	—	13	377	—	—	—	390
Balance at June 30, 2024 17,666,490							
common shares outstanding	\$	—	\$ 17,936	\$ 345,164	\$ (114,917)	\$ 408,481	\$ (68,342) \$ 588,322
(In thousands, except share and per share data)	Accumulated Other Comprehensi						
	Preferred		Common		Treasury		Retained Earnings
	Stock	Stock	Surplus	Stock	Stock	Loss	Total
Balance at January 1, 2023 17,813,451							
common shares outstanding	\$	—	\$ 17,513	\$ 338,706	\$ (97,826)	\$ 348,798	\$ (74,211) \$ 532,980
Net income	—	—	—	—	—	31,500	— 31,500

Comprehensive income	—	—	—	—	—	6,214	6,214
Restricted stock units issued, 430,620 shares	—	359	(291)	—	—	—	68
Restricted stock units repurchased on vesting to pay taxes, (108,143) shares	—	(90)	(3,168)	—	—	—	(3,258)
Amortization of restricted stock units	—	—	6,309	—	—	—	6,309
Cash dividends declared on common stock (\$0.10 per share)	—	—	—	—	(1,773)	—	(1,773)
Share repurchase, (267,014) shares	—	—	—	(7,567)	—	—	(7,567)
Common stock options exercised, 1,400 net of 60 used to exercise and related taxes benefits, 1,340 shares	—	1	18	—	—	—	19
Issuance of shares for Employee Stock Purchase Plan, 17,641 shares	—	14	563	—	—	—	577
Balance at June 30, 2023 17,887,895 common shares outstanding	\$ —	\$ 17,797	\$ 342,137	\$ (105,393)	\$ 378,525	\$ (67,997)	\$ 565,069

Nine Months Ended September 30, 2024 and September 30, 2023

(In thousands, except share and per share data)	Accumulated Other Comprehensive						
	Preferred		Common		Treasury	Retained Earnings	ve Loss
	Stock	Stock	Surplus	Stock	Stock	—	Total
Balance at January 1, 2024 17,739,677 common shares outstanding	\$ —	\$ 17,831	\$ 346,954	\$ (110,320)	\$ 394,094	\$ (64,878)	\$ 583,681
Net income					23,748		23,748
Comprehensive income						10,058	10,058
Restricted stock units issued, 147,679 shares		123	(123)				—
Restricted stock units repurchased on vesting to pay taxes, (36,625) shares		(31)	(846)				(877)
Amortization of restricted stock units			4,533				4,533
Modification of restricted stock units distributed in cash			(4,336)				(4,336)
Cash dividends declared on common stock (\$0.15 per share)					(2,656)		(2,656)
Share repurchase, (300,000) shares				(7,189)			(7,189)
Issuance of shares for Employee Stock Purchase Plan, 27,016 shares		23	629				652
Balance at September 30, 2024 17,577,747 common shares outstanding	\$ —	\$ 17,946	\$ 346,811	\$ (117,509)	\$ 415,186	\$ (54,820)	\$ 607,614
(In thousands, except share and per share data)	Accumulated Other Comprehensive						
	Preferred		Common		Treasury	Retained Earnings	ve Loss
	Stock	Stock	Surplus	Stock	Stock	—	Total
Balance at January 1, 2023 17,813,451 common shares outstanding	\$ —	\$ 17,513	\$ 338,706	\$ (97,826)	\$ 348,798	\$ (74,211)	\$ 532,980
Net income	—	—	—	—	40,255	—	40,255
Comprehensive loss	—	—	—	—	—	(7,442)	(7,442)
Restricted stock units issued, 429,909 shares	—	358	(358)	—	—	—	—
Restricted stock units repurchased on vesting to pay taxes, (106,452) shares	—	(89)	(3,115)	—	—	—	(3,204)
Amortization of restricted stock units	—	—	8,578	—	—	—	8,578

Cash dividends declared on common stock (\$0.15 per share)	—	—	—	—	(2,666)	—	(2,666)
Share repurchase, (367,014) shares	—	—	—	(10,382)	—	—	(10,382)
Common stock options exercised, 1,400 net of 60 used to exercise and related taxes benefits, 1,340 shares	—	1	18	—	—	—	19
Issuance of shares for Employee Stock Purchase Plan, 26,491 shares	—	22	796	—	—	—	818
Issuance of common stock for acquisition, 19,197 shares	—	16	(16)	—	—	—	—
Balance at September 30, 2023 17,816,922 common shares outstanding	\$ —	\$ 17,821	\$ 344,609	\$ (108,208)	\$ 386,387	\$ (81,653)	\$ 558,956

See accompanying notes to consolidated financial statements.

PEAPACK-GLADSTONE FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)

(Unaudited)

	Six Months Ended June 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
OPERATING ACTIVITIES:				
Net income	\$ 16,161	\$ 31,500	\$ 23,748	\$ 40,255
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	1,855	1,769	2,692	2,720
Amortization of premium and accretion of discount on securities, net	174	328	226	458
Amortization of restricted stock	3,138	6,309	4,533	8,578
Amortization of intangible assets	544	709	816	1,048
Amortization of subordinated debt costs	143	144	215	216
Provision for credit losses	4,538	3,209	5,762	9,065
Deferred tax benefit	(7,723)	(4,475)	(11,133)	(10,717)
Stock-based compensation and employee stock purchase plan expense	75	106	131	140
Fair value adjustment for equity security	195	—	(279)	404
Loans originated for sale (A)	(13,660)	(20,987)	(20,856)	(24,786)
Proceeds from sales of loans held for sale (A)	18,128	24,155	24,220	35,963
Gain on loans held for sale (A)	(939)	(1,739)	(1,319)	(2,267)
Gain on loans held for sale at lower of cost or fair value	(23)	—	(23)	—
Loss on disposal of fixed assets	4	6	76	6
Gain on death benefit	(236)	—		
Increase in cash surrender value of life insurance, net	(135)	(235)	(174)	(362)
(Increase)/decrease in accrued interest receivable	(2,858)	4,292	(1,297)	2,268
Decrease in other assets	(31,520)	(3,137)	(26,279)	(1,019)
Increase in accrued expenses and other liabilities	31,864	2,071	43,822	6,794
NET CASH PROVIDED BY OPERATING ACTIVITIES	19,961	44,025	44,645	68,764
INVESTING ACTIVITIES:				

Principal repayments, maturities and calls of securities available for sale	312,459	316,474	496,781	476,363
Principal repayments, maturities and calls of securities held to maturity	2,701	2,161	4,531	3,638
Redemptions of FHLB and FRB stock	59,579	51,784	59,623	83,385
Purchase of securities held to maturity	—	(10,347)	—	(10,347)
Purchase of securities available for sale	(351,215)	(300,887)	(612,400)	(462,000)
Purchase of FHLB and FRB stock	(41,013)	(56,514)	(41,038)	(86,871)
Proceeds from sales of loans held for sale at lower of cost or fair value	23	—	23	—
Net decrease/(increase) in loans, net of participations sold	160,853	(151,104)	113,541	(202,777)
Proceeds from sales of other real estate	—	116	—	116
Purchase of premises and equipment	(2,390)	(1,378)	(4,068)	(2,297)
Disposal of premises and equipment	16	(6)	143	(6)
Proceeds from death benefit	154	—	—	—
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES	141,013	(149,701)	17,290	(200,796)
FINANCING ACTIVITIES:				
Net increase/(decrease) in deposits	382,092	(6,667)	—	—
Net increase in deposits	661,272	54,195	—	—
Net (decrease)/increase in short-term borrowings	(403,814)	105,830	(403,814)	91,046
Dividends paid on common stock	(1,774)	(1,773)	(2,656)	(2,666)
Exercise of stock options, net of stock swaps	—	19	—	19
Restricted stock repurchased on vesting to pay taxes	(877)	(3,258)	(877)	(3,273)
Issuance of restricted stock	—	68	—	69
Modification of restricted stock units distributed in cash	(4,336)	—	(4,336)	—
Issuance of shares for employee stock purchase plan	390	577	652	818
Shares repurchased	(4,597)	(7,567)	(7,189)	(10,382)
NET CASH (USED IN)/PROVIDED BY FINANCING ACTIVITIES	(32,916)	87,229	—	—
NET CASH PROVIDED BY FINANCING ACTIVITIES	243,052	129,826	—	—
Net increase/(decrease) in cash and cash equivalents	128,058	(18,447)	304,987	(2,206)
Cash and cash equivalents at beginning of period	187,671	190,075	187,671	190,075
Cash and cash equivalents at end of period	\$ 315,729	\$ 171,628	\$ 492,658	\$ 187,869
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION				
Cash paid during the period for:				
Interest	\$ 80,605	\$ 58,182	\$ 124,717	\$ 97,583
Income tax, net	1,251	3,323	13,753	9,668
Security purchases due from broker	9,981	—	—	—
Right-of-use asset obtained in exchange for operating lease liabilities	28,321	1,926	32,483	1,926

(A) Includes mortgage loans originated with the intent to sell, which are carried at fair value. In addition, this includes the guaranteed portion of Small Business Administration ("SBA") loans are carried at the lower of cost or fair value.

See accompanying notes to consolidated financial statements.

PEAPACK-GLADSTONE FINANCIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Certain information and footnote disclosures normally included in the audited consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. These unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Annual Report on Form 10-K for the year ended December 31, 2023 for Peapack-Gladstone Financial Corporation (the "Corporation" or the "Company"). In the opinion of ~~the management~~ Management of the Corporation, the accompanying unaudited consolidated interim financial statements contain all adjustments (consisting solely of normal and recurring accruals) necessary to present fairly the financial position as of ~~June 30, 2024~~ September 30, 2024, and the results of operations, comprehensive income, changes in shareholders' equity and cash flow statements for the three and ~~six~~ nine months ended ~~June 30, 2024~~ September 30, 2024 and 2023. The results of operations for the three and ~~six~~ nine months ended ~~June 30, 2024~~ September 30, 2024 are not necessarily indicative of the results that may be expected for the full year or for any future period.

Principles of Consolidation and Organization: The consolidated financial statements of the Company are prepared on the accrual basis and include the accounts of the Company and its wholly-owned subsidiary, Peapack-Gladstone Bank (the "Bank"). The consolidated financial statements also include the Bank's wholly-owned subsidiaries:

- Peapack Capital Corporation ("PCC")
- Peapack-Gladstone Mortgage Group, Inc., which owns 99 percent of Peapack Ventures, LLC and 79 percent of Peapack-Gladstone Realty, Inc., a New Jersey real estate investment company
- PGB Trust & Investments of Delaware, which owns one percent of Peapack Ventures, LLC
- Peapack Ventures, LLC, which owns the remaining 21 percent of Peapack-Gladstone Realty, Inc.
- Peapack-Gladstone Realty, Inc.
- PGB Securities, Inc.

While the following notes to the consolidated financial statements include the consolidated results of the Company, the Bank and their subsidiaries, these notes primarily reflect the Bank's and its subsidiaries' activities. All significant intercompany balances and transactions have been eliminated from the accompanying consolidated financial statements.

Basis of Financial Statement Presentation: The consolidated financial statements have been prepared in accordance with GAAP. In preparing the financial statements, Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the statement of condition and revenues and expenses for the periods presented. Actual results could differ from those estimates.

Segment Information: The Company's business is conducted through two business segments: (1) its banking segment ("Banking"), which involves the delivery of loan and deposit products to customers, and (2) the Peapack Private Wealth Management Division ("Peapack Private"), which includes investment management services to individuals and institutions. Management uses certain methodologies to allocate income and expense to the business segments.

The Banking segment includes: commercial (including commercial and industrial ("C&I") and equipment financing), commercial real estate, multifamily, commercial construction, residential and consumer lending activities; treasury management services; C&I advisory services; escrow management; deposit generation; operation of ATMs; telephone and internet banking services; merchant credit card services and customer support services.

Peapack Private includes: investment management services for individuals and institutions; personal trust services, including services as executor, trustee, administrator, custodian; and other financial planning and advisory services. This segment also includes the activity from the Delaware subsidiary, PGB Trust & Investments of Delaware. The majority of wealth management fees are collected on a monthly or quarterly basis and are calculated on either a fixed or tiered fee schedule, based upon the market value of assets under management and/or administration ("AUMs"). Other non AUM-based revenues such as personal or fiduciary tax return preparation fees, executor fees, trust termination fees and/or financial planning and advisory fees are charged as services are rendered.

Cash and Cash Equivalents: For purposes of the statements of cash flows, cash and cash equivalents include cash and due from banks, interest-earning deposits and federal funds sold. Generally, federal funds are sold for one-day periods. Cash equivalents are of original maturities of 90 days or less. Net cash flows are reported for customer loan and deposit transactions and short-term borrowings with original maturities of 90 days or less.

Interest-Earning Deposits in Other Financial Institutions: Interest-earning deposits in other financial institutions mature within one year and are carried at cost.

Securities: ~~ASU~~ Under Accounting Standards Update ("ASU") 2016-13, debt securities available-for-sale are measured at fair value and subject to impairment testing. When an available-for-sale debt security is considered impaired, the Company must determine if the decline in fair value has resulted from a credit-related loss or other factors and then, (1) recognize an allowance for credit losses ("ACL") by a charge to earnings for the credit-related component (if any) of the decline in fair value, and (2) recognize in other

comprehensive income (loss) any non-credit related components of the fair value change. If the amount of the amortized cost basis expected to be recovered increases in a future period, the valuation reserve would be reduced, but not more than the amount of the current existing reserve for that security.

Debt securities are classified as held to maturity and carried at amortized cost when Management has the positive intent and ability to hold them to maturity. Under ASU 2016-13, held-to-maturity securities in a loss position are evaluated to determine if the decline in fair value has resulted from a credit-related loss or other factors, and then recognize a charge to earnings for the decline in fair value. The Company also has an investment in a Community Reinvestment Act ("CRA") investment fund, which is classified as an equity security.

Interest income includes amortization of purchase premiums and discounts. Premiums and discounts on securities are amortized on the level-yield method without anticipating prepayments, except for mortgage-backed securities where prepayments are anticipated, and premiums on callable debt securities, which are amortized to the earliest call date. Gains and losses on sales are recorded on the trade date and determined using the specific identification method.

Federal Home Loan Bank (FHLB) and Federal Reserve Bank ("FRB") Stock: The Bank is a member of the FHLB system. Members are required to own a certain amount of FHLB stock, based on the level of borrowings and other factors. FHLB stock is carried at cost, classified as a restricted security and periodically evaluated for impairment based on ultimate recovery of par value. Both cash and stock dividends are reported as income.

The Bank is also a member of the Federal Reserve Bank of New York and required to own a certain amount of FRB stock. FRB stock is carried at cost and classified as a restricted security. Dividends are reported as income.

Loans Held for Sale: Mortgage loans originated with the intent to sell in the secondary market are carried at fair value, as determined by outstanding commitments from investors.

Mortgage loans held for sale are generally sold with servicing rights released; therefore, no servicing rights are recorded. Gains and losses on sales of mortgage loans, shown as gain on loans held for sale of loans at fair value (mortgage loans) on the Statement of Income, are based on the difference between the selling price and the carrying value of the related loan sold.

SBA loans originated with the intent to sell in the secondary market are carried at the lower of cost or fair value. SBA loans are generally sold with the servicing rights retained. Gains and losses on the sale of SBA loans are based on the difference between the selling price and the carrying value of the related loan sold. Total SBA loans serviced totaled \$161.2 million and \$157.0 million as of June 30, 2024 September 30, 2024 and December 31, 2023, respectively. SBA loans held for sale totaled \$3.3 million and \$7.2 million at June 30, 2024 September 30, 2024 and December 31, 2023, respectively.

Loans originated with the intent to hold and subsequently transferred to loans held for sale are carried at the lower of cost or fair value. These are loans that the Company no longer has the intent to hold for the foreseeable future.

Loans: Loans that Management has the intent and ability to hold for the foreseeable future or until maturity are stated at the principal amount outstanding. Interest on loans is recognized based upon the principal amount outstanding. Loans are stated at face value, less purchased premium and discounts and net deferred fees. Loan origination fees and certain direct loan origination costs are deferred and recognized on a level-yield method over the life of the loan as an adjustment to the loan's yield. The definition of recorded investment in loans includes accrued interest receivable and deferred fees/costs, however, for the Company's loan disclosures, accrued interest and deferred fees/costs were excluded as the impact was not material.

Loans are considered past due when they are not paid within 30 days in accordance with contractual terms. The accrual of income on loans, including individually evaluated loans, is discontinued if, in the opinion of Management, principal or interest is not likely to be paid in accordance with the terms of the loan agreement, or when principal or interest is past due 90 days unless the asset is

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both well secured and in the process of collection. All interest accrued but not received for loans placed on nonaccrual status are

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reversed against interest income. Payments received on nonaccrual loans are recorded as principal payments. A nonaccrual loan is returned to accrual status only when interest and principal payments are brought current and future payments are reasonably assured, generally when the Bank receives contractual payments for a minimum of six consecutive

months. Commercial loans are generally charged off, in whole or in part, after an analysis is completed which indicates that collectability of the full principal balance is in doubt. Consumer closed-end loans are generally charged off after they become 120 days past due and open-end loans after 180 days. Subsequent payments are credited to income only if collection of principal is not in doubt. If principal and interest payments are brought contractually current and future collectability is reasonably assured, loans may be returned to accrual status. Nonaccrual mortgage loans are generally charged off to the extent that the value of the underlying collateral does not cover the outstanding principal balance. The majority of the Company's loans are secured by real estate in New Jersey, New York and Pennsylvania.

Allowance for Credit Losses: **CECL** **Current expected credit losses ("CECL")** requires the immediate recognition of estimated credit losses expected to occur over the estimated remaining life of the asset. The forward-looking concept of CECL requires loss estimates to consider historical experience, current conditions and reasonable and supportable economic forecasts.

The allowance for credit losses ("ACL") on loans held for investment is the combination of the allowance for loan losses and the reserve for unfunded loan commitments. The allowance for loan losses is reported as a reduction of the amortized cost basis of loans, while the reserve for unfunded loan commitments is included within "other liabilities" on the Consolidated Statements of Condition. The estimate of credit loss incorporates assumptions for both the likelihood and amount of funding over the estimated life of the commitments, including adjustments for current conditions and reasonable and supportable forecasts. Management periodically reviews and updates its assumptions for estimated funding rates. The amortized cost basis of loans does not include accrued interest receivable, which is included in "accrued interest receivable" on the Consolidated Statements of Condition. The "Provision for credit losses" on the Consolidated Statements of Income is a combination of the provision for credit losses and the provision for unfunded loan commitments.

ACL in accordance with CECL methodology

With respect to pools of similar loans that are collectively evaluated, an appropriate level of general allowance is determined by portfolio segment using a non-linear discounted cash flow ("DCF") model. The DCF model captures losses over the historical charge-off and prepayment cycle and applies those losses at a loan level over the remaining maturity of the loan. The model then calculates a historical loss rate using the average losses over the reporting period, which is then applied to each segment utilizing a standard reversion rate. This loss rate is then supplemented with adjustments for reasonable and supportable forecasts of relevant economic indicators, including but not limited to unemployment rates and national consumer price and confidence indices. Expected credit losses are estimated over the contractual term of the loans, adjusted for expected prepayments when appropriate. Also included in the ACL are qualitative factors based on the risks present for each portfolio segment. These qualitative factors include the following: levels of and trends in delinquencies and impaired loans; effects of any changes in risk selection and underwriting standards; other changes in lending policies, procedures and practices; experience, ability and depth of lending management and other relevant staffing and experience; industry conditions; and effects of changes in credit concentrations. It is also possible that these factors could include social, political, economic, and terrorist events or activities. All of these factors are susceptible to change, which may be significant. The ACL results in two forms of allocations, specific and general. These two components represent the total ACL deemed adequate to cover current expected credit losses in the loan portfolio.

When management identifies loans that do not share common risk characteristics (i.e., are not similar to other loans within a pool) they are evaluated on an individual basis. These loans are not included in the collective evaluation. For loans identified as having a likelihood of foreclosure or that the borrower is experiencing financial difficulty, a collateral dependent approach is used. These are loans for which the repayment is expected to be provided substantially through the operation or sale of the collateral. Under CECL, for collateral dependent loans, the Company has adopted the practical expedient method to measure the **allowance for credit losses** **ACL** based on the fair value of collateral. The **allowance for credit losses** **ACL** is calculated on an individual loan basis based on the shortfall between the fair value of the loan's collateral, which is adjusted for liquidation costs/discounts, and amortized cost. If the fair value of the collateral exceeds the amortized cost, no allowance is required.

The CECL methodology requires a significant amount of management judgment in determining the appropriate **allowance for credit losses** **ACL**. Several of the steps in the methodology are subjective including, among other things: segmenting the loan portfolio; determining the amount of loss history to consider; selecting predictive econometric regression models that use appropriate macroeconomic variables; determining the methodology to forecast prepayments; selecting the most appropriate economic forecast scenario; determining the length of the reasonable and supportable forecast and reversion periods; estimating expected utilization rates on unfunded loan commitments; and assessing relevant and appropriate qualitative factors. In addition, the CECL methodology is dependent on economic forecasts, which are inherently imprecise and may change from period to period. Although the **allowance for credit losses** **ACL** is considered appropriate, there can be no assurance that it will be sufficient to absorb future losses.

In determining an appropriate amount for the allowance, the Bank segments and aggregates the loan portfolio based on common characteristics. The following segments have been identified:

Primary Residential Mortgages. The Bank originates one to four family residential mortgage loans in the Tri-State area (which is comprised of New York, New Jersey and Connecticut), Pennsylvania and Florida. Loans are secured by first liens on the primary residence or investment property. Primary risk characteristics associated with residential mortgage loans typically involve: major living or lifestyle changes to the borrower, including unemployment or other loss of income; unexpected significant expenses, such as for major medical issues or catastrophic events; and divorce or death. In addition, residential mortgage loans that have

adjustable rates could expose the borrower to higher debt service requirements in a rising interest rate environment. Further, real estate values could drop significantly and cause the value of the property to fall below the loan amount, creating additional potential loss exposure for the Bank.

Junior Lien Loan on Residence (which include home equity lines of credit). The Bank provides junior lien loans ("JLL") and revolving home equity lines of credit against one to four family properties in the Tri-State area. These loans are subordinate to a first mortgage, which may be from another lending institution. Primary risk characteristics associated with JLLs and home equity lines of credit typically involve: major living or lifestyle changes to the borrower, including unemployment or other loss of income; unexpected significant expenses, such as for major medical issues or catastrophic events; and divorce or death. In addition, home equity lines of credit typically are made with variable or floating interest rates, which could expose the borrower to higher debt service requirements in a rising interest rate environment. Further, real estate values could drop significantly and cause the value of the property to fall below the loan amount, creating additional potential loss exposure for the Bank.

Multifamily. The Bank provides mortgage loans for multifamily properties (i.e., buildings which have five or more residential units). Multifamily loans are expected to be repaid from the cash flows of the underlying property so the collective amount of rents must be sufficient to cover all operating expenses, property management and maintenance, taxes and debt service. Increases in vacancy rates, interest rates, other changes in general economic conditions or changes in rent regulation can have an impact on the borrower and its ability to repay the loan.

Owner-Occupied Commercial Real Estate Loans. The Bank provides mortgage loans for owner-occupied commercial real estate properties in the Tri-State area and Pennsylvania. Commercial real estate properties primarily include retail buildings/shopping centers, hotels, office/medical buildings and industrial/warehouse space. Some properties are mixed use as they are a combination of building types, such as a building with retail space on the ground floor and either residential apartments or office suites on the upper floors. Commercial real estate loans are generally considered to have a higher degree of credit risk as they may be dependent on the ongoing success and operating viability of a fewer number of tenants who are occupying the property and who may have a greater degree of exposure to economic conditions.

Investment Commercial Real Estate Loans. The Bank provides mortgage loans for properties managed as an investment property (non-owner-occupied) in the Tri-State area and Pennsylvania. Non-owner-occupied properties primarily include retail buildings/shopping centers, hotels, office/medical buildings and industrial/warehouse space. Some properties are considered "mixed use". Commercial real estate loans are generally considered to have a higher degree of credit risk as they may be dependent on the ongoing success and operating viability of a fewer number of tenants who are occupying the property and who may have a greater degree of exposure to economic conditions.

Commercial and Industrial Loans. The Bank provides lines of credit and term loans to operating companies for business purposes. The loans are generally secured by business assets such as accounts receivable, inventory, business vehicles and equipment as well as the stock of a company, if privately held. Commercial and industrial loans are typically repaid first by the cash flows generated by the borrower's business operations. The primary risk characteristics are specific to the underlying business and its ability to generate sustainable profitability and resulting positive cash flows. Factors that may influence a business' profitability include, but are not limited to, demand for its products or services, quality and depth of management, degree of competition, regulatory changes, and general economic conditions. To mitigate the risk characteristics of commercial and industrial loans, these loans often include commercial real estate as collateral and the Bank will often require more frequent reporting requirements from the borrower in order to better monitor its business performance. However, the ability of the Bank to foreclose and realize sufficient value from the assets is often highly uncertain.

Leasing Finance. PCC offers a range of finance solutions nationally. PCC provides term loans and leases secured by assets financed for U.S. based mid-size and large companies. Facilities tend to be fully drawn under fixed-rate terms. PCC serves a broad range of industries including transportation, manufacturing, heavy construction and utilities.

Asset risk in PCC's portfolio is generally recognized through changes to loan income, or through changes to lease-related income streams due to fluctuations in lease rates. Changes to lease income can occur when the existing lease contract expires, the asset comes off lease or the business seeks to enter a new lease agreement. Asset risk may also change through depreciation, resulting from changes in the residual value of the operating lease asset or through impairment of the asset carrying value, which can occur at any time during the life of the asset.

Credit risk in PCC's portfolio generally results from the potential default of borrowers or lessees, which may be driven by customer specific or broader industry-related conditions. Credit losses can impact multiple parts of the income statement including loss of interest/lease/rental income and/or higher costs and expenses related to the repossession, refurbishment, re-marketing and or re-leasing of assets.

Construction. The Bank provides commercial construction loans for properties located in the Tri-state area. Risks common to commercial construction loans are cost overruns, inaccurate estimates of the period of construction, changes in market demand for property, inadequate long-term financing arrangements and declines in real estate values. Changes in market demand for property could lead to longer marketing times resulting in higher carrying costs, declining values, and higher interest rates.

Consumer and Other. These are loans to individuals for household, family and other personal expenditures as well as obligations of states and political subdivisions in the U.S. This also represents all other loans that cannot be categorized in any of the previous mentioned loan segments. Consumer loans generally have higher interest rates and shorter terms than residential loans but tend to have higher credit risk due to the type of collateral securing the loan or in some cases the absence of collateral.

Loan Modifications: On January 1, 2023, the Company adopted **Accounting Standards Update ("ASU") ASU 2022-02**, which replaced the accounting and recognition of **TDRs, troubled debt restructurings.** ASU 2022-02 eliminates the accounting guidance on troubled debt restructurings for creditors in ASC 310-40 and amends the guidance on "vintage disclosures" to require disclosure of current-period gross write-offs by year of origination. ASU 2022-02 also updates the requirements related to accounting for credit losses under ASC 326 and adds enhanced disclosures for creditors with respect to loan refinancings and restructurings for borrowers experiencing financial difficulty.

Leases: At inception, contracts are evaluated to determine whether the contract constitutes a lease agreement. For contracts that are determined to be an operating lease, a corresponding right-of-use ("ROU") asset and operating lease liability are recorded as separate line items on the statement of condition. An ROU asset represents the Company's right to use an underlying asset during the lease term and a lease liability represents the Company's commitment to make contractually obligated lease payments. Operating lease ROU assets and liabilities are recognized at the commencement date of the lease and are based on the present value of lease payments over the lease term. The measurement of the operating lease ROU asset includes any lease payments made.

If the rate implicit in the lease is not readily determinable, the incremental collateralized borrowing rate is used to determine the present value of lease payments. This rate gives consideration to the applicable FHLB collateralized borrowing rates and is based on the information available at the commencement date. The Company has elected to apply the short-term lease measurement and recognition exemption to leases with an initial term of 12 months or less; therefore, these leases are not recorded on the Company's statement of condition, but rather, lease expense is recognized over the lease term on a straight-line basis. The Company's lease agreements may include options to extend or terminate the lease. The Company's decision to exercise renewal options is based on an assessment of its current business needs and market factors at the time of the renewal. The Company maintains certain property and equipment under direct financing and operating leases. Substantially all of the leases in which the Company is the lessee are comprised of real estate property for branches and office space and are classified as operating leases.

The ROU asset is measured at the amount of the lease liability adjusted for lease incentives received, any cumulative prepaid or accrued rent if the lease payments are uneven throughout the lease term, any unamortized initial direct costs, and any impairment of the ROU asset. Operating lease expense consists of a single lease cost allocated over the remaining lease term on a straight-line basis, variable lease payments not included in the lease liability, and any impairment of the ROU asset.

There are no terms or conditions related to residual value guarantees and no restrictions or covenants that would impact the Company's ability to pay dividends or to incur additional financial obligations.

Derivatives: At the inception of a derivative contract, the Company designates the derivative as one of three types based on the Company's intentions and belief as to likely effectiveness as a hedge. These three types are (1) a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment ("fair value hedge"); (2) a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow hedge"); or (3) an instrument with no hedging designation. For a fair value hedge, the gain or loss on the derivative, as well as the offsetting loss or gain on the

hedged item, are recognized in current earnings as fair values change. For a cash flow hedge, the gain or loss on the derivative is

reported in other comprehensive income and is reclassified into earnings in the same periods during which the hedged transaction affects earnings. For cash flow hedges, changes in the fair value of derivatives that are not highly effective in hedging the changes in fair value or expected cash flows of the hedged item are recognized immediately in current earnings. Changes in the fair value of derivatives that do not qualify for hedge accounting are reported currently in earnings, as non-interest income. When hedge accounting is discontinued on a fair value hedge that no longer qualifies as an effective hedge, the derivative continues to be reported at fair value in the statement of condition, but the carrying amount of the hedged item is no longer adjusted for future changes in fair value. The adjustment to the carrying amount of the hedged item that existed at the date hedge accounting is discontinued is amortized over the remaining life of the hedged item into earnings.

Net cash settlements on derivatives that qualify for hedge accounting are recorded in interest income or interest expense, based on the item being hedged. Net cash settlements on derivatives that do not qualify for hedge accounting are reported in non-interest income. Cash flows on hedges are classified in the cash flow statement the same as the cash flows of the items being hedged.

The Company formally documents the relationship between derivatives and hedged items, as well as the risk-management objective and the strategy for undertaking hedge transactions at the inception of the hedging relationship. This documentation includes linking fair value or cash flow hedges to specific assets and liabilities on the statement of condition or to specific firm commitments or forecasted transactions. The Company discontinues hedge accounting when it determines that the derivative is no longer effective in offsetting changes in the fair value or cash flows of the hedged item, the derivative is settled or terminated, a hedged forecasted transaction is no longer probable, a hedged firm commitment is no longer firm, or treatment of the derivative as a hedge is no longer appropriate or intended.

When hedge accounting is discontinued, subsequent changes in fair value of the derivative are recorded as non-interest income. When a cash flow hedge is discontinued but the hedged cash flows or forecasted transactions are still expected to occur, gains or losses that were accumulated in other comprehensive income are amortized into earnings over the same periods which the hedged transactions will affect earnings.

The Company also offers facility specific / loan level swaps to its customers and offsets its exposure from such contracts by entering into mirror image swaps with a financial institution / swap counterparty (loan level / back-to-back swap program). The customer accommodations and any offsetting swaps are treated as non-hedging derivative instruments which do not qualify for hedge accounting ("standalone derivatives"). The notional amount of the 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 contracts. The fair value of the swaps is recorded as both an asset and a liability, in other assets and other liabilities, respectively, in equal amounts for these transactions. The Company is exposed to losses if a customer counterparty fails to make its payments under a contract in which the Company is in a net receiving position. At this time, the Company anticipates that its counterparties will be able to fully satisfy their obligations under the agreements. All of the contracts to which the Company is a party settle monthly. Further, the Company has netting agreements with the dealers with which it does business.

Stock-Based Compensation: The Company's 2021 Long-Term Stock Incentive Plan allows the granting of shares of the Company's common stock as incentive stock options, nonqualified stock options, restricted stock awards, restricted stock units and stock appreciation rights to directors, officers and employees of the Company and its subsidiaries. There are no shares remaining for issuance with respect to the stock incentive plans approved in 2006 and 2012.

Options granted under this plan are, in general, exercisable not earlier than one year after the date of grant, at a price equal to the fair value of common stock on the date of grant and expire not more than ten years after the date of grant. Stock options may vest during a period of up to five years after the date of grant. The Company has a policy of using authorized but unissued shares to satisfy option exercises.

Upon adoption of ASU 2016-09, "Compensation - Stock Compensation (Topic 718), Improvements to Employee Share-Based Payment Accounting," the Company has elected to account for forfeitures as they occur, rather than estimate expected forfeitures.

Changes in options outstanding during the **six** **nine** months ended **June 30, 2024** **September 30, 2024** were as follows:

	Weighted				Weighted			
	Weighted		Average	Aggregate	Weighted		Average	Aggregate
	Average		Remaining	Intrinsic	Average		Remaining	Intrinsic
	Number of Options	Exercise Price	Contractual Term	(In thousands)	Number of Options	Exercise Price	Contractual Term	(In thousands)
Balance, January 1, 2024	1,400	\$ 19.15			1,400	\$ 19.15		
Exercised during 2024	—	—			—	—		
Expired during 2024	(1,400)	19.15			(1,400)	19.15		
Forfeited during 2024	—	—			—	—		

Balance, June 30, 2024	—	\$	—	—	\$	—
Balance, September 30, 2024	—	\$	—	—	\$	—
Vested and expected to vest	—	\$	—	—	\$	—
Exercisable at June 30, 2024	—	\$	—	—	\$	—
Exercisable at September 30, 2024	—	\$	—	—	\$	—

There were no stock options granted during the three or **six** **nine** months ended **June 30, 2024** **September 30, 2024**.

As of **June 30, 2024** **September 30, 2024**, there was no unrecognized compensation cost related to non-vested share-based compensation arrangements granted under the Company's stock incentive plans.

The Company issued performance-based and service-based restricted stock units in 2023. Service-based units vest ratably over a three- or five-year period. There were no service-based restricted stock units granted under the 2021 Long-Term Stock Incentive Plan during the first nine months of 2024.

The performance-based awards are dependent upon the Company meeting certain performance criteria and, to the extent the performance criteria are met, will cliff vest at the end of the performance period, which is generally three years. There were no performance-based restricted stock units granted under the 2021 Long-Term Stock Incentive Plan in the first nine months of 2024.

Changes in non-vested shares dependent on performance criteria for the nine months ended September 30, 2024 were as follows:

	Number of Shares	Weighted Average	
		Grant Date	Fair Value
Balance, January 1, 2024	176,364	\$	32.40
Granted during 2024	4,705		31.36
Vested during 2024 (1)	(45,592)		31.36
Forfeited during 2024	—		—
Balance, September 30, 2024	135,477	\$	32.71

(1) Settled in cash.

Changes in service-based restricted stock awards/units for the nine months ended September 30, 2024 were as follows:

	Number of Shares	Weighted Average	
		Grant Date	Fair Value
Balance, January 1, 2024	626,742	\$	29.62
Granted during 2024	—		—
Vested during 2024 (1)	(248,028)		27.83
Shares to be settled in cash	(120,046)		22.13
Forfeited during 2024	(6,647)		31.98
Balance, September 30, 2024	252,021	\$	29.81

(1) Includes 100,349 shares that settled in cash.

As of September 30, 2024, there was \$7.8 million of total unrecognized compensation cost related to service-based and performance-based restricted stock units. That cost is expected to be recognized over a weighted average period of 1.07 years. Stock compensation expense recorded for the third quarters of 2024 and 2023 totaled \$3.4 million and \$2.3 million, respectively. Stock compensation expense recorded for the nine months ended September 30, 2024 and 2023 totaled \$9.3 million and \$8.6 million, respectively.

Phantom Plan: During the first quarter of 2024, the Company adopted the Peapack-Gladstone Financial Corporation 2024 Phantom Stock Plan ("Phantom Plan"). The Phantom Plan allows the Company to issue performance-based and service-based awards which will be paid in cash. The award of a phantom unit entitles the participant to a cash payment equal to the value of the unit on the vesting date, which is the fair market value of a common share of the Company's stock on such vesting date.

The Company issued performance-based and service-based phantom units in 2024. Service-based phantom units vest ratably over a **three-year period**. There were **237,811** service-based phantom units granted under the Phantom Plan during the first **six months** of 2024. Additionally, there are **120,835** restricted stock units that will settle in cash in 2025 and 2026.

The performance-based phantom units are dependent upon the Company meeting certain performance criteria and, to the extent the performance criteria are met, will cliff vest at the end of the performance period, which is three years. There were **60,047** performance-based units granted under the Phantom Plan in the first **six months** of 2024.

Phantom units are recorded in salary and employee benefits expense based on the fair value of the units on the balance sheet date. The fair value of these awards is updated at each balance sheet date and changes in the fair value of the vested portions of the awards are recorded as increases or decreases to compensation expense within salary and employee benefits in the Consolidated Statements of Income. All of the outstanding phantom units at **June 30, 2024** met the criteria to be treated under liability classification in accordance with ASC 718, given that these awards will settle in cash on the vesting date.

Compensation expense for the phantom units is based on the fair value of the units as of the balance sheet date as further discussed **below, above**, and such costs are recognized ratably over the service period of the awards. As the fair value of liability awards is required to be re-measured each period end, stock compensation expense amounts recognized in future periods for these awards will vary. The estimated future cash payments of these awards are presented as liabilities within "Accrued expenses and other liabilities" in the Consolidated Statement of Condition. As of **June 30, 2024**, there was **\$8.48.6** million of unrecognized compensation costs related to non-vested phantom units.

The Company issued performance-based and service-based restricted stock units in 2023. Service-based units vest ratably over a three- or five-year period. There were no service-based restricted stock units granted under the 2021 Long-Term Stock Incentive Plan during the first six months of 2024.

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The performance-based awards are dependent upon the Company meeting certain performance criteria and, to the extent the performance criteria are met, will cliff vest at the end of the performance period, which is generally three years. There were no performance-based restricted stock units granted under the 2021 Long-Term Stock Incentive Plan in the first six months of 2024.

Changes in non-vested shares dependent on performance criteria for the six months ended June 30, 2024 were as follows:

	Number of Shares	Grant Date	Weighted Average Fair Value
Balance, January 1, 2024	176,364	\$	32.40
Granted during 2024	4,705		31.36
Vested during 2024 (1)	(45,592)		31.36
Forfeited during 2024	—		—
Balance, June 30, 2024	135,477	\$	32.71

(1) Includes 45,592 shares that settled in cash.

Changes in service-based restricted stock awards/units for the six months ended June 30, 2024 were as follows:

	Number of Shares	Grant Date	Weighted Average Fair Value
Balance, January 1, 2024	626,742	\$	29.62
Granted during 2024	—		—
Vested during 2024 (1)	(248,028)		27.83
Shares to be settled in cash	(120,835)		22.13
Forfeited during 2024	(4,701)		31.79
Balance, June 30, 2024	253,178	\$	27.84

(1) Includes 100,349 shares that settled in cash.

As of June 30, 2024, there was \$9.2 million of total unrecognized compensation cost related to service-based and performance-based restricted stock units. That cost is expected to be recognized over a weighted average period of 1.12 years. Stock compensation expense recorded for the second quarters of 2024 and 2023 totaled \$3.2 million and \$3.6 million, respectively. Stock compensation expense recorded for the six months ended June 30, 2024 and 2023 totaled \$5.9 million and \$6.3 million, respectively.

Employee Stock Purchase Plan (“ESPP”): The 2014 ESPP expired in April 2024 and was replaced by the 2024 ESPP, which was approved by shareholders on April 30, 2024 and allowed for the issuance of 150,000 shares.

The ESPP allows for the purchase of shares during four three-month Offering Periods of each calendar year. The Offering Periods end on March 31, June 30, September 30 and December 31 of each calendar year.

Each participant in the Offering Period is granted an option to purchase a number of shares and may contribute between one percent and 15 percent of their compensation. At the end of each Offering Period, the number of shares to be purchased by the employee is determined by dividing the employee's contributions accumulated during the Offering Period by the applicable purchase price. The purchase price is an amount equal to 85 percent of the closing market price of a share of common stock on the purchase date. Participation in the ESPP is entirely voluntary and employees can cancel their purchases at any time during the period without penalty. The fair value of each share purchase right is determined using the Black-Scholes option pricing model.

The Company recorded \$43,000 56,000 and \$58,000 34,000 of expense in salaries and employee benefits expense for the three months ended June 30, 2024 September 30, 2024 and 2023, respectively, related to the ESPP. Total shares issued under the ESPP during the second third quarter ended June 30, 2024 September 30, 2024 and 2023 were 4,614 11,257 and 10,108 8,850, respectively.

The Company recorded \$75,000 131,000 and \$106,000 140,000 of expense in salaries and employee benefits expense for the six nine months ended June 30, 2024 September 30, 2024 and 2023, respectively, related to the ESPP. Total shares issued under the ESPP during the six nine months ended June 30, 2024 September 30, 2024 and 2023 were 15,759 27,016 and 17,641 26,491, respectively.

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Earnings per share – Basic and Diluted: The following is a reconciliation of the calculation of basic and diluted earnings per share. Basic net income per share is calculated by dividing net income available to shareholders by the weighted average shares outstanding during the reporting period. Diluted net income per share is computed similarly to that of basic net income per share, except that the denominator is increased to include the number of additional shares that would have been outstanding utilizing the

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Treasury Stock Method if all shares underlying potentially dilutive stock options were issued and all shares of restricted stock, stock warrants or restricted stock units were to vest during the reporting period.

(Dollars in thousands, except per share data)	Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
	June 30,		June 30,		September 30,		September 30,	
	2024	2023	2024	2023	2024	2023	2024	2023
Net income available to common shareholders	\$ 7,530	\$ 13,145	\$ 16,161	\$ 31,500	\$ 7,587	\$ 8,755	\$ 23,748	\$ 40,255
Basic weighted average shares outstanding	17,747,070	17,930,611	17,729,355	17,886,154	17,616,046	17,856,961	17,691,309	17,876,316
Plus: common stock equivalents	45,226	148,237	82,540	267,113	83,996	153,166	55,251	215,208
Diluted weighted average shares outstanding	<u>= 17,792,296</u>	<u>= 18,078,848</u>	<u>= 17,811,895</u>	<u>= 18,153,267</u>	<u>= 17,700,042</u>	<u>= 18,010,127</u>	<u>= 17,746,560</u>	<u>= 18,091,524</u>
Net income per share	\$ 0.42	\$ 0.73	\$ 0.91	\$ 1.76	\$ 0.43	\$ 0.49	\$ 1.34	\$ 2.25
Basic								

Diluted	0.42	0.73	0.91	1.74	0.43	0.49	1.34	2.23
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For the three months ended **June 30, 2024** **September 30, 2024** and 2023, restricted stock units totaling **250,510** **125,152** and **556,743** **235,902**, respectively, were not included in the computation of diluted earnings per share because they were anti-dilutive. For the **six** **nine** months ended **June 30, 2024** **September 30, 2024** and 2023, restricted stock units totaling **277,945** **277,141** and **420,090** **416,712**, respectively, were not included in the computation of diluted earnings per share because they were anti-dilutive. Anti-dilutive shares are common stock equivalents with weighted average exercise prices in excess of the average market value for the periods presented.

Income Taxes: The Company files a consolidated Federal income tax return. Separate state income tax returns are filed for each subsidiary based on current laws and regulations.

The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in its financial statements or tax returns. The measurement of deferred tax assets and liabilities is based on the enacted tax rates. Such tax assets and liabilities are adjusted for the effect of a change in tax rates in the period of enactment.

The Company recognizes a tax position as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50 percent likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded.

The Company is no longer subject to examination by the U.S. Federal tax authorities for years prior to 2020 or by New Jersey tax authorities for years prior to 2018.

The Company recognizes interest and/or penalties related to income tax matters in income tax expense.

Loss Contingencies: Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe there are any such matters that will have a material effect on the financial statements.

Restrictions on Cash: Cash on hand or on deposit with the Federal Reserve Bank of New York was required to meet regulatory reserve and clearing requirements.

Comprehensive Income: Comprehensive income consists of net income and the change during the period in the Company's net unrealized gains or losses on securities available for sale and unrealized gains and losses on cash flow hedge, net of tax, less adjustments for realized gains and losses.

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

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Goodwill and Other Intangible Assets: Goodwill is generally determined as the excess of the fair value of the consideration transferred, plus the fair value of any noncontrolling interests in the acquiree (if any), over the fair value of any net assets acquired and liabilities assumed as of the date of acquisition in a purchase business combination. Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized but tested for impairment at least annually or more frequently if events and circumstances exist that indicate that a goodwill impairment test should be performed.

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Goodwill was primarily attributable to the Bank's wealth management acquisitions. Management monitors the impact of changes in the financial markets and includes these assessments in our impairment process.

The Company has selected December 31 as the date to perform the annual impairment test. Intangible assets with definite useful lives are amortized over their estimated useful lives to their estimated residual values. Goodwill, which includes assembled workforce has an indefinite life on our statement of financial condition.

Other intangible assets, which primarily consist of customer relationship intangible assets arising from acquisitions, are amortized on an accelerated basis over their estimated useful lives, which range from 5 to 15 years.

2. INVESTMENT SECURITIES

A summary of amortized cost and approximate fair value of investment securities available for sale and held to maturity included in the Consolidated Statements of Condition as of **June 30, 2024** **September 30, 2024** and December 31, 2023 follows:

(In thousands)	June 30, 2024					September 30, 2024				
	Gross		Gross		Allowance	Gross		Gross		Allowance
	Amortized	Unrealized	Unrealized	for	Fair	Amortized	Unrealized	Unrealized	for	Fair
	Cost	Gains	Losses	Credit Losses	Value	Cost	Gains	Losses	Credit Losses	Value
Securities Available for Sale:										
U.S government-sponsored agencies	\$ 244,803	\$ —	\$ (49,801)	\$ —	\$ 195,002	\$ 244,808	\$ —	\$ (39,795)	\$ —	\$ 205,013
Mortgage-backed securities—residential	410,158	226	(47,352)	—	363,032	476,695	2,845	(37,458)	—	442,082
SBA pool securities	25,478	1	(3,796)	—	21,683	24,291	—	(2,878)	—	21,413
Corporate bond	14,000	23	(1,856)	—	12,167	15,500	29	(1,324)	—	14,205
Total securities available for sale	\$ 694,439	\$ 250	\$ (102,805)	\$ —	\$ 591,884	\$ 761,294	\$ 2,874	\$ (81,455)	\$ —	\$ 682,713
Securities Held to Maturity:										
U.S. government-sponsored agencies	\$ 40,000	\$ —	\$ (3,471)	\$ —	\$ 36,529	\$ 40,000	\$ —	\$ (2,302)	\$ —	\$ 37,698
Mortgage-backed securities—residential	65,013	—	(10,679)	—	54,334	63,158	—	(8,418)	—	54,740
Total securities held to maturity	\$ 105,013	\$ —	\$ (14,150)	\$ —	\$ 90,863	\$ 103,158	\$ —	\$ (10,720)	\$ —	\$ 92,438

(In thousands)	December 31, 2023				
	Gross		Gross		Allowance
	Amortized	Unrealized	Unrealized	for	Fair
	Cost	Gains	Losses	Credit Losses	Value
Securities Available for Sale:					
U.S government-sponsored agencies	\$ 244,794	\$ —	\$ (47,103)	\$ —	\$ 197,691
Mortgage-backed securities—residential	363,893	80	(43,177)	—	320,796
SBA pool securities	27,148	—	(3,744)	—	23,404
Corporate bond	10,000	—	(1,274)	—	8,726
Total securities available for sale	\$ 645,835	\$ 80	\$ (95,298)	\$ —	\$ 550,617
Securities Held to Maturity:					
U.S. government-sponsored agencies	\$ 40,000	\$ —	\$ (3,369)	\$ —	\$ 36,631
Mortgage-backed securities—residential	67,755	—	(9,971)	—	57,784
Total securities held to maturity	\$ 107,755	\$ —	\$ (13,340)	\$ —	\$ 94,415

The following tables present the Company's available for sale and held to maturity securities with continuous unrealized losses and the approximate fair value of these investments as of **June 30, 2024** **September 30, 2024** and December 31, 2023.

June 30, 2024			September 30, 2024		
Duration of Unrealized Loss			Duration of Unrealized Loss		
Less Than 12 Months	12 Months or Longer	Total	Less Than 12 Months	12 Months or Longer	Total

(In thousands)	Approximate											
	Fair Value	Unrealized Losses										
Securities Available for Sale:												
U.S. government-sponsored agencies	\$ —	\$ —	\$ 195,002	\$ (49,801)	\$ 195,002	\$ (49,801)	\$ —	\$ —	\$ 205,013	\$ (39,795)	\$ 205,013	\$ (39,795)
Mortgage-backed securities residential	33,028	(774)	230,103	(46,578)	263,131	(47,352)	8,162	(101)	229,706	(37,357)	237,868	(37,458)
SBA pool securities	—	—	21,333	(3,796)	21,333	(3,796)	—	—	21,088	(2,878)	21,088	(2,878)
Corporate bond	—	—	8,144	(1,856)	8,144	(1,856)	—	—	8,676	(1,324)	8,676	(1,324)
Total securities available for sale	\$ 33,028	\$ (774)	\$ 454,582	\$ (102,031)	\$ 487,610	\$ (102,805)	\$ 8,162	\$ (101)	\$ 464,483	\$ (81,354)	\$ 472,645	\$ (81,455)
Securities Held to Maturity:												
U.S. government-sponsored agencies	\$ —	\$ —	\$ 36,529	\$ (3,471)	\$ 36,529	\$ (3,471)	\$ —	\$ —	\$ 37,698	\$ (2,302)	\$ 37,698	\$ (2,302)
Mortgage-backed securities residential	—	—	54,334	(10,679)	54,334	(10,679)	—	—	54,740	(8,418)	54,740	(8,418)
Total securities held to maturity	\$ —	\$ —	\$ 90,863	\$ (14,150)	\$ 90,863	\$ (14,150)	\$ —	\$ —	\$ 92,438	\$ (10,720)	\$ 92,438	\$ (10,720)
Total securities	\$ 33,028	\$ (774)	\$ 545,445	\$ (116,181)	\$ 578,473	\$ (116,955)	\$ 8,162	\$ (101)	\$ 556,921	\$ (92,074)	\$ 565,083	\$ (92,175)

(In thousands)	December 31, 2023											
	Duration of Unrealized Loss											
	Less Than 12 Months				12 Months or Longer				Total			
	Approximate		Approximate		Approximate		Approximate		Approximate		Approximate	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Securities Available for Sale:												
U.S. government-sponsored agencies	\$ —	\$ —	\$ 197,691	\$ (47,103)	\$ 197,691	\$ (47,103)	\$ 197,691	\$ (47,103)	\$ 197,691	\$ (47,103)	\$ 197,691	\$ (47,103)
Mortgage-backed securities residential	36,634	(963)	217,513	(42,214)	217,513	(42,214)	254,147	(43,177)	254,147	(43,177)	254,147	(43,177)
SBA pool securities	655	(1)	22,749	(3,743)	22,749	(3,743)	23,404	(3,744)	23,404	(3,744)	23,404	(3,744)
Corporate bond	—	—	8,726	(1,274)	8,726	(1,274)	8,726	(1,274)	8,726	(1,274)	8,726	(1,274)
Total securities available for sale	\$ 37,289	\$ (964)	\$ 446,679	\$ (94,334)	\$ 446,679	\$ (94,334)	\$ 483,968	\$ (95,298)	\$ 483,968	\$ (95,298)	\$ 483,968	\$ (95,298)
Securities Held to Maturity:												
U.S. government-sponsored agencies	\$ —	\$ —	\$ 36,631	\$ (3,369)	\$ 36,631	\$ (3,369)	\$ 36,631	\$ (3,369)	\$ 36,631	\$ (3,369)	\$ 36,631	\$ (3,369)
Mortgage-backed securities residential	9,647	(135)	48,137	(9,836)	48,137	(9,836)	57,784	(9,971)	57,784	(9,971)	57,784	(9,971)
Total securities held to maturity	\$ 9,647	\$ (135)	\$ 84,768	\$ (13,205)	\$ 84,768	\$ (13,205)	\$ 94,415	\$ (13,340)	\$ 94,415	\$ (13,340)	\$ 94,415	\$ (13,340)
Total securities	\$ 46,936	\$ (1,099)	\$ 531,447	\$ (107,539)	\$ 531,447	\$ (107,539)	\$ 578,383	\$ (108,638)	\$ 578,383	\$ (108,638)	\$ 578,383	\$ (108,638)

Available for sale and held to maturity securities are evaluated to determine if a decline in fair value below the amortized cost basis has resulted from a credit loss or other factors. An impairment related to credit factors would be recorded through an allowance for credit losses. The allowance is limited to the amount by which the security's amortized cost basis exceeds the fair value. An impairment that has not been recorded through an allowance for credit losses is recorded through other comprehensive income, net of applicable taxes. Investment securities will be written down to fair value through the Consolidated Statements of Income when management intends to sell, or may be required to sell, the securities before they recover in value. The issuers of securities currently in a continuous loss position continue to make timely principal and interest payments and none of these securities were past due or were placed in nonaccrual status at **June 30, 2024** **September 30, 2024**. Substantially all of the investment securities are backed by loans guaranteed by either U.S. government agencies or U.S. government-sponsored entities, and **management** **Management** believes that default is highly unlikely given the lack of historical credit losses and governmental backing. Management believes that the unrealized losses on these securities are a function of changes in market interest rates and credit spreads, not changes in credit quality. Therefore, no allowance for credit losses was recorded for the **six** **nine** months ended **June 30, 2024** **September 30, 2024** or 2023, respectively.

The Company has an investment in a CRA investment fund with a fair value of **\$13.0** **13.4** million at **June 30, 2024** **September 30, 2024**. This investment is classified as an equity security in our Consolidated Statements of Condition. This security had a **loss** **gain** of **\$84,000** **474,000** and **\$195,000** **279,000** for the three and **six** **nine** months ended **June 30,**

2024. September 30, 2024, respectively. This amount was included in the fair value adjustment for CRA equity security on the Consolidated Statements of Income.

3. LOANS AND LEASES

Loans outstanding, excluding those held for sale, by general ledger classification, as of June 30, 2024 September 30, 2024 and December 31, 2023, consisted of the following:

(Dollars in thousands)	% of		% of		% of		% of	
	June 30,		December 31,		September 30,		December 31,	
	2024	Totals	2023	Loans	2024	Totals	2023	Loans
Residential mortgage	\$ 578,829	11.00 %	\$ 578,327	10.65 %	\$ 590,813	11.12 %	\$ 578,327	10.65 %
Multifamily mortgage	1,796,687	34.15	1,836,390	33.82	1,784,861	33.58	1,836,390	33.82
Commercial mortgage	600,859	11.42	637,625	11.74	578,559	10.88	637,625	11.74
Commercial loans (including equipment financing)	2,155,594	40.97	2,260,524	41.64	2,221,243	41.79	2,260,524	41.64
Commercial construction	22,157	0.42	17,721	0.33	22,421	0.42	17,721	0.33
Home equity lines of credit	37,117	0.71	36,464	0.67	38,971	0.73	36,464	0.67
Consumer loans, including fixed rate home equity loans	69,579	1.32	62,036	1.14	78,160	1.47	62,036	1.14
Other loans	172	0.01	238	0.01	389	0.01	238	0.01
Total loans	\$ 5,260,994	100.00 %	\$ 5,429,325	100.00 %	\$ 5,315,417	100.00 %	\$ 5,429,325	100.00 %

In determining an appropriate amount for the allowance, the Bank segments and aggregated the loan portfolio based on common characteristics. The following pool segments identified as of June 30, 2024 September 30, 2024 and December 31, 2023 are based on the CECL methodology:

(Dollars in thousands)	% of		% of		% of		% of	
	June 30,		December 31,		September 30,		December 31,	
	2024	Totals	2023	Loans	2024	Totals	2023	Loans
Primary residential mortgage	\$ 584,645	11.12 %	\$ 585,126	10.78 %	\$ 590,681	11.12 %	\$ 585,126	10.78 %
Junior lien loan on residence	40,444	0.77	40,203	0.74	42,159	0.79	40,203	0.74
Multifamily property	1,796,687	34.17	1,836,390	33.85	1,784,861	33.59	1,836,390	33.85
Owner-occupied commercial real estate	256,035	4.87	255,110	4.70	269,743	5.08	255,110	4.70
Investment commercial real estate	1,012,489	19.25	1,061,197	19.56	979,188	18.43	1,061,197	19.56
Commercial and industrial	1,244,905	23.67	1,314,781	24.23	1,306,170	24.58	1,314,781	24.23
Lease financing	228,894	4.35	251,423	4.63	231,284	4.35	251,423	4.63
Construction	22,643	0.43	17,987	0.33	28,578	0.54	17,987	0.33
Consumer and other	71,789	1.37	63,906	1.18	80,795	1.52	63,906	1.18
Total loans	5,258,531	100.00 %	5,426,123	100.00 %	5,313,459	100.00 %	5,426,123	100.00 %
Net deferred costs	2,463		3,202		1,958		3,202	
Total loans including net deferred costs	\$ 5,260,994		\$ 5,429,325		\$ 5,315,417		\$ 5,429,325	

The following tables present the recorded investment in nonaccrual and loans past due 90 days or over still on accrual by class of loans as of June 30, 2024 September 30, 2024 and December 31, 2023:

(In thousands)	June 30, 2024			September 30, 2024		
	Nonaccrual		Loans Past Due	Nonaccrual		Loans Past Due
	With No		90 Days or Over	With No		90 Days or Over
	Allowance		And Still	Allowance		And Still
	for Credit Loss	Nonaccrual	Accruing Interest	for Credit Loss	Nonaccrual	Accruing Interest
	\$ 1,521	\$ 2,112	\$ —	\$ 2,136	\$ 2,136	\$ —
Primary residential mortgage	\$ 98	\$ 98	\$ —	\$ 96	\$ 96	\$ —
Junior lien loan on residence						

Multifamily property	20,225	33,558	—	15,294	33,337	—
Investment commercial real estate	—	11,748	—	—	11,715	—
Commercial and industrial	6,036	30,684	—	3,641	29,810	—
Lease financing	3,003	3,871	—	2,555	3,355	—
Consumer and other	4	4	—	4	4	—
Total	\$ 30,887	\$ 82,075	\$ —	\$ 23,726	\$ 80,453	\$ —

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December 31, 2023

(In thousands)	Nonaccrual		Loans Past Due	
	With No		90 Days or Over	
	Allowance		And Still	
	for Credit Loss	Nonaccrual	Nonaccrual	Accruing Interest
Primary residential mortgage	\$ 1,263	\$ 1,263	\$ 1,263	\$ —
Junior lien loan on residence	100	—	100	—
Multifamily property	16,645	—	16,645	—
Investment commercial real estate	9,881	—	9,881	—
Commercial and industrial	3,965	—	31,430	—
Lease financing	946	—	2,002	—
Consumer and other	3	—	3	—
Total	\$ 32,803	\$ 61,324	\$ 61,324	\$ —

The following tables present the aging of the recorded investment in past due loans as of **June 30, 2024** **September 30, 2024** and December 31, 2023 by class of loans, excluding nonaccrual loans:

(In thousands)	June 30, 2024				September 30, 2024			
	30-59		60-89		90 Days or		90 Days or	
	Days	Days	Days	Greater	Total	Days	Days	Greater
	Past Due	Past Due	Past Due	Past Due	Past Due	Past Due	Past Due	Past Due
Primary residential mortgage	\$ 1,774	\$ 97	\$ —	\$ 1,871	\$ 2,170	\$ 1,144	\$ —	\$ 3,314
Junior lien loan on residence	417	—	—	417	52	—	—	52
Multifamily property	13,571	—	—	13,571	—	28,080	—	28,080
Investment commercial real estate	—	17,326	—	17,326	—	—	—	—
Commercial and industrial	943	435	—	1,378	—	—	—	—
Lease financing	—	151	—	151	—	—	—	—
Total	\$ 16,705	\$ 18,009	\$ —	\$ 34,714	\$ 2,222	\$ 29,224	\$ —	\$ 31,446

(In thousands)	December 31, 2023			
	30-59		60-89	
	Days	Days	Days	Greater
	Past Due	Past Due	Past Due	Past Due
Primary residential mortgage	\$ 2,448	\$ 1,061	\$ —	\$ 3,509
Junior lien on residence	84	—	—	84
Multifamily property	11,814	—	—	11,814
Commercial and industrial	7,297	11,498	—	18,795
Consumer and other	387	—	—	387

Total	\$ 22,030	\$ 12,559	\$ —	\$ 34,589
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There were several loan modifications made during the first nine months of 2024, which included one investment commercial real estate loan, one commercial loan and one equipment finance of \$17.3 million, \$11.7 million and \$10.5 million, respectively, that were completed during the third quarter of 2024. Loans past due 30 through 89 days at September 30, 2024 included \$19.7 million of multifamily loans to two sponsors. Subsequent to September 30, 2024 these loans have been placed on nonaccrual status and downgraded to substandard.

Credit Quality Indicators:

The Company places all commercial loans into various credit risk rating categories based on an assessment of the expected ability of the borrowers to properly service their debt. The assessment considers numerous factors including, but not limited to, current financial information on the borrower, historical payment experience, strength of any guarantor, nature of and value of any collateral, acceptability of the loan structure and documentation, relevant public information and current economic trends. This credit risk rating analysis is performed when the loan is initially underwritten and then annually based on set criteria in the loan policy.

In addition, the Bank has engaged an independent loan review firm to validate risk ratings and to ensure compliance with our policies and procedures. This review of the following types of loans is performed quarterly:

- A large sample of relationships or new lending to existing relationships greater than \$1,000,000 booked since the prior review;
- All criticized and classified rated borrowers with relationship exposure of more than \$500,000;

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- A large sample of Pass-rated (including Pass Watch) borrowers with total relationships in excess of \$1,000,000 and a small sample of Pass related relationships less than \$1,000,000;
- All leveraged loans of \$1,000,000 or greater;

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- At least two borrowing relationships managed by each commercial banker;
- Any new Federal Reserve Board Regulation O loan commitments over \$1,000,000; and
- Any other credits requested by Bank senior management or a member of the Board of Directors and any borrower for which the reviewer determines a review is warranted based upon knowledge of the portfolio, local events, industry stresses, etc.

The review excludes borrowers with commitments of less than \$500,000.

The Company uses the following regulatory definitions for criticized and classified risk ratings:

Special Mention: These loans have a potential weakness that deserves Management's close attention. If left uncorrected, the potential weaknesses may result in deterioration of the repayment prospects for the loans or of the institution's credit position at some future date.

Substandard: These loans 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: These loans have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full highly questionable and improbable, based on currently existing facts, conditions and values.

Loans not meeting the criteria above that are analyzed individually as part of the above-described process are considered to be pass-rated loans.

With the adoption of CECL, loans that are in the process of or expected to be in foreclosure are deemed to be collateral dependent with respect to measuring potential loss and allowance adequacy and are individually evaluated by Management. Loans that do not share common risk characteristics are also evaluated on an individual basis. All other loans are evaluated using a non-linear discounted cash flow methodology for measuring potential loss and allowance adequacy.

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The following is a summary of the credit risk profile of loans by internally assigned grade as of **June 30, 2024** **September 30, 2024** and December 31, 2023 based on originations for the periods indicated; the years represent the year of origination for non-revolving loans:

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(In thousands)	Grade as of June 30, 2024 for Loans Originated During										Revolving- Term			Total	
	2024		2023		2022		2021		2020		and Prior				
	2024	2023	2022	2021	2020	2019	Revolving	Term	Total						
Primary residential mortgage:															
Pass	\$ 25,736	\$ 92,920	\$ 112,096	\$ 77,156	\$ 54,479	\$ 213,434	\$ —	\$ 5,698	\$ 581,519						
Special mention	—	—	—	—	—	—	—	—	—						
Substandard	—	591	—	—	458	2,077	—	—	3,126						
Doubtful	—	—	—	—	—	—	—	—	—						
Total primary residential mortgages	25,736	93,511	112,096	77,156	54,937	215,511	—	5,698	584,645						
Current period gross charge-offs	—	—	—	—	—	—	—	—	—						
Junior lien loan on residence:															
Pass	—	838	1,224	114	—	1,153	29,885	7,132	40,346						
Special mention	—	—	—	—	—	—	—	—	—						
Substandard	—	—	—	—	—	—	97	1	98						
Doubtful	—	—	—	—	—	—	—	—	—						
Total junior lien loan on residence	—	838	1,224	114	—	1,153	29,982	7,133	40,444						
Current period gross charge-offs	—	—	—	—	—	—	—	—	—						
Multifamily property:															
Pass	6,223	51,871	457,492	601,510	118,653	462,454	8,802	—	1,707,005						
Special mention	—	—	3,423	28,507	—	13,296	—	—	45,226						
Substandard	—	—	13,366	—	—	31,090	—	—	44,456						
Doubtful	—	—	—	—	—	—	—	—	—						
Total multifamily property	6,223	51,871	474,281	630,017	118,653	506,840	8,802	—	1,796,687						
Current period gross charge-offs	—	—	—	2,088	—	3,291	—	—	5,379						
Owner-occupied commercial real estate:															
Pass	5,777	4,267	23,218	44,214	19,217	126,927	19,355	10,543	253,518						

Special mention	—	—	—	1,173	—	1,344	—	—	—	2,517
Substandard	—	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—	—
Total owner-occupied commercial real estate	5,777	4,267	23,218	45,387	19,217	128,271	19,355	10,543	256,035	
Current period gross charge-offs	—	—	—	—	—	—	—	—	—	—
Investment commercial real estate:										
Pass	22,551	124,748	171,432	139,203	56,965	390,223	21,904	17,035	944,061	
Special mention	—	—	—	—	—	42,681	—	14,000	56,681	
Substandard	—	—	9,818	—	—	1,929	—	—	11,747	
Doubtful	—	—	—	—	—	—	—	—	—	—
Total investment commercial real estate	22,551	124,748	181,250	139,203	56,965	434,833	21,904	31,035	1,012,489	
Current period gross charge-offs	—	—	—	—	—	—	—	—	—	—
Commercial and industrial:										
Pass	93,904	157,772	179,978	150,176	18,288	26,898	501,899	14,614	1,143,529	
Special mention	—	—	11,083	12,006	—	1,705	11,405	168	36,367	
Substandard	12,250	2,035	20,260	1,729	2,059	3,294	20,673	2,709	65,009	
Doubtful	—	—	—	—	—	—	—	—	—	—
Total commercial and industrial	106,154	159,807	211,321	163,911	20,347	31,897	533,977	17,491	1,244,905	
Current period gross charge-offs	—	—	—	—	241	—	—	—	—	241

Grade as of September 30, 2024 for Loans Originated During

(In thousands)	2024	2023	2022	2021	2020	2019		Revolving		
						and Prior	Revolving	Term	Total	
Primary residential mortgage:										
Pass	\$ 41,801	\$ 90,809	\$ 110,932	\$ 76,105	\$ 53,790	\$ 208,748	\$ 5,680	\$ 587,865		
Special mention	—	—	—	—	—	—	—	—	—	—
Substandard	—	1,087	97	—	450	1,182	—	—	2,816	
Doubtful	—	—	—	—	—	—	—	—	—	—
Total primary residential mortgages	41,801	91,896	111,029	76,105	54,240	209,930	—	5,680	590,681	
Current period gross charge-offs	—	43	—	—	—	—	—	—	—	43
Junior lien loan on residence:										
Pass	—	819	1,188	103	—	1,080	32,410	6,463	42,063	
Special mention	—	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	95	1	96	
Doubtful	—	—	—	—	—	—	—	—	—	—
Total junior lien loan on residence	—	819	1,188	103	—	1,080	32,505	6,464	42,159	
Current period gross charge-offs	—	—	—	—	—	—	—	—	—	—
Multifamily property:										
Pass	17,512	51,742	455,228	598,057	118,001	438,991	4,939	3,524	1,687,994	
Special mention	—	—	3,405	28,343	—	20,962	—	—	52,710	
Substandard	—	—	13,366	—	—	30,791	—	—	44,157	
Doubtful	—	—	—	—	—	—	—	—	—	—
Total multifamily property	17,512	51,742	471,999	626,400	118,001	490,744	4,939	3,524	1,784,861	
Current period gross charge-offs	—	—	—	2,088	—	3,291	—	—	5,379	
Owner-occupied commercial real estate:										
Pass	26,172	4,233	23,033	43,842	19,096	125,011	15,315	10,546	267,248	
Special mention	—	—	—	1,161	—	1,334	—	—	2,495	

Substandard	—	—	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—	—	—
Total owner-occupied commercial real estate	26,172	4,233	23,033	45,003	19,096	126,345	15,315	10,546	269,743	—	—
Current period gross charge-offs	—	—	—	—	—	—	—	—	—	—	—
Investment commercial real estate:	—	—	—	—	—	—	—	—	—	—	—
Pass	24,234	124,323	170,365	138,114	55,937	357,040	14,443	26,592	911,048	—	—
Special mention	—	—	—	—	—	25,189	—	13,910	39,099	—	—
Substandard	—	—	9,786	—	—	19,255	—	—	29,041	—	—
Doubtful	—	—	—	—	—	—	—	—	—	—	—
Total investment commercial real estate	24,234	124,323	180,151	138,114	55,937	401,484	14,443	40,502	979,188	—	—
Current period gross charge-offs	—	—	—	—	—	—	—	—	—	—	—
Commercial and industrial:	—	—	—	—	—	—	—	—	—	—	—
Pass	165,508	140,258	168,705	129,582	14,002	24,813	549,628	26,371	1,218,867	—	—
Special mention	—	210	—	10,983	—	1,350	6,193	615	19,351	—	—
Substandard	—	1,894	30,266	52	2,049	3,563	27,419	2,709	67,952	—	—
Doubtful	—	—	—	—	—	—	—	—	—	—	—
Total commercial and industrial	165,508	142,362	198,971	140,617	16,051	29,726	583,240	29,695	1,306,170	—	—
Current period gross charge-offs	—	—	—	—	241	—	—	—	241	—	—
Lease financing:	—	—	—	—	—	—	—	—	—	—	—
Pass	31,987	45,673	41,099	53,629	28,090	27,450	—	—	227,928	—	—
Special mention	—	—	—	—	—	—	—	—	—	—	—
Substandard	—	801	—	—	—	2,555	—	—	3,356	—	—
Doubtful	—	—	—	—	—	—	—	—	—	—	—
Total lease financing	31,987	46,474	41,099	53,629	28,090	30,005	—	—	231,284	—	—

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(In thousands)	Grade as of June 30, 2024 for Loans Originated During									
	2024	2023	2022	2021	2020	and Prior	2019	Revolving-	Term	Total
Lease financing:										
Pass	10,288	47,300	47,614	56,211	29,774	33,836	—	—	—	225,023
Special mention	—	—	—	—	—	—	—	—	—	—
Substandard	—	868	—	—	—	3,003	—	—	—	3,871
Doubtful	—	—	—	—	—	—	—	—	—	—
Total lease financing	10,288	48,168	47,614	56,211	29,774	36,839	—	—	—	228,894
Current period gross charge-offs	—	—	—	—	—	—	—	—	—	—
Construction:										
Pass	—	—	—	—	—	—	22,643	—	—	22,643
Special mention	—	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—	—
Total commercial construction loans	—	—	—	—	—	—	22,643	—	—	22,643
Current period gross charge-offs	—	—	—	—	—	—	—	—	—	—

Consumer and other loans:									
Pass	22,717	3,062	—	259	140	3,678	35,442	6,487	71,785
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	4	—	4
Doubtful	—	—	—	—	—	—	—	—	—
Total consumer and other loans	22,717	3,062	—	259	140	3,678	35,446	6,487	71,789
Current period gross charge-offs	—	—	—	—	—	2	—	15	17
Total:									
Pass	187,196	482,778	993,054	1,068,843	297,516	1,258,603	639,930	61,509	4,989,429
Special mention	—	—	14,506	41,686	—	59,026	11,405	14,168	140,791
Substandard	12,250	3,494	43,444	1,729	2,517	41,393	20,774	2,710	128,311
Doubtful	—	—	—	—	—	—	—	—	—
Total Loans	\$ 199,446	\$ 486,272	\$ 1,051,004	\$ 1,112,258	\$ 300,033	\$ 1,359,022	\$ 672,109	\$ 78,387	\$ 5,258,531
Total Current Period Gross Charge-offs	\$ —	\$ —	\$ —	\$ 2,088	\$ 241	\$ 3,293	\$ —	\$ 15	\$ 5,637
Grade as of September 30, 2024 for Loans Originated During									
(In thousands)	2024	2023	2022	2021	2020	and Prior	Revolving	Term	Total
	—	—	—	—	—	—	—	—	—
Current period gross charge-offs									
Construction:									
Pass	—	—	—	—	—	—	28,578	—	28,578
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total commercial construction loans	—	—	—	—	—	—	28,578	—	28,578
Current period gross charge-offs	—	—	—	—	—	—	—	—	—
Consumer and other loans:									
Pass	29,855	3,063	—	238	129	3,678	40,947	2,881	80,791
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	4	—	4
Doubtful	—	—	—	—	—	—	—	—	—
Total consumer and other loans	29,855	3,063	—	238	129	3,678	40,951	2,881	80,795
Current period gross charge-offs	—	—	—	—	—	2	—	19	21
Total:									
Pass	337,069	460,920	970,550	1,039,670	289,045	1,186,811	686,260	82,057	5,052,382
Special mention	—	210	3,405	40,487	—	48,835	6,193	14,525	113,655
Substandard	—	3,782	53,515	52	2,499	57,346	27,518	2,710	147,422
Doubtful	—	—	—	—	—	—	—	—	—
Total Loans	\$ 337,069	\$ 464,912	\$ 1,027,470	\$ 1,080,209	\$ 291,544	\$ 1,292,992	\$ 719,971	\$ 99,292	\$ 5,313,459
Total Current Period Gross Charge-offs	\$ —	\$ 43	\$ —	\$ 2,088	\$ 241	\$ 3,293	\$ —	\$ 19	\$ 5,684

(in thousands)	Grade as of December 31, 2023 for Loans Originated During													
	2023		2022		2021		2020		2019		2018 and Prior	Revolving	Revolving-Term	Total
	2023	2022	2022	2021	2021	2020	2020	2019	2019	2018	and Prior	Revolving	Revolving-Term	Total
Primary residential mortgage:														
Pass	\$ 94,688	\$ 114,532	\$ 80,175	\$ 56,191	\$ 35,418	\$ 196,251	\$ —	\$ 5,535	\$ 582,790					
Special mention	—	—	—	—	—	—	—	—	—					
Substandard	—	—	—	473	935	928	—	—	—	2,336				
Doubtful	—	—	—	—	—	—	—	—	—	—				
Total primary residential mortgages	94,688	114,532	80,175	56,664	36,353	197,179	—	5,535	585,126					
Current period gross charge-offs	—	—	—	—	—	—	—	—	—	—				
Junior lien loan on residence:														
Pass	872	1,394	135	—	530	808	29,620	6,680	40,039					
Special mention	—	—	—	—	—	—	—	—	—	—				
Substandard	—	—	—	—	—	—	—	163	1	164				
Doubtful	—	—	—	—	—	—	—	—	—	—				
Total junior lien loan on residence	872	1,394	135	—	530	808	29,783	6,681	40,203					
Current period gross charge-offs	—	—	—	—	—	—	—	—	—	—				
Multifamily property:														
Pass	52,072	476,972	645,093	119,934	209,299	295,226	8,451	—	1,807,047					
Special mention	—	—	—	—	—	1,650	—	—	1,650					
Substandard	—	1,572	7,491	—	10,370	8,260	—	—	27,693					
Doubtful	—	—	—	—	—	—	—	—	—	—				
Total multifamily property	52,072	478,544	652,584	119,934	219,669	305,136	8,451	—	1,836,390					
Current period gross charge-offs	—	—	2,223	—	—	—	—	—	2,223					
Owner-occupied commercial real estate:														
Pass	4,333	23,590	39,563	19,457	11,788	126,430	17,559	10,731	253,451					
Special mention	—	—	1,197	—	—	—	462	—	1,659					
Substandard	—	—	—	—	—	—	—	—	—	—				
Doubtful	—	—	—	—	—	—	—	—	—	—				
Total owner-occupied commercial real estate	4,333	23,590	40,760	19,457	11,788	126,430	18,021	10,731	255,110					
Current period gross charge-offs	—	—	—	—	—	—	—	—	—	—				
Investment commercial real estate:														
Pass	125,568	173,660	150,026	57,811	144,447	314,411	30,124	13,379	1,009,426					
Special mention	—	—	—	—	21,936	3,834	—	14,172	39,942					
Substandard	—	9,881	—	—	1,948	—	—	—	11,829					
Doubtful	—	—	—	—	—	—	—	—	—	—				
Total investment commercial real estate	125,568	183,541	150,026	57,811	168,331	318,245	30,124	27,551	1,061,197					
Current period gross charge-offs	—	1,199	—	—	—	—	—	—	1,199					
Commercial and industrial:														

Pass	226,699	216,864	191,389	39,003	26,570	16,845	516,844	23,687	1,257,901
Special mention	—	—	758	—	1,161	190	14,232	194	16,535
Substandard	1,212	22,297	1,467	1,865	953	2,524	7,571	2,456	40,345
Doubtful	—	—	—	—	—	—	—	—	—
Total commercial and industrial	227,911	239,161	193,614	40,868	28,684	19,559	538,647	26,337	1,314,781
Current period gross charge-offs	—	—	—	—	—	—	—	—	—
Lease financing:									
Pass	50,706	42,447	61,547	39,710	24,113	19,287	—	—	237,810
Special mention	—	9,631	511	—	1,375	94	—	—	11,611
Substandard	1,056	—	—	—	946	—	—	—	2,002
Doubtful	—	—	—	—	—	—	—	—	—
				2726					
Total lease financing	51,762	52,078	62,058	39,710	26,434	19,381	—	—	251,423
Current period gross charge-offs	—	4,800	—	—	—	794	—	—	5,594
Construction:									
Pass	—	—	—	—	—	—	17,987	—	17,987
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total commercial construction loans	—	—	—	—	—	—	17,987	—	17,987
Current period gross charge-offs	—	—	—	—	—	—	—	—	—
Consumer and other loans:									
Pass	3,934	—	301	158	—	4,141	51,788	3,581	63,903
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	3	—	3
Doubtful	—	—	—	—	—	—	—	—	—
Total consumer and other loans	3,934	—	301	158	—	4,141	51,791	3,581	63,906
Current period gross charge-offs	—	—	—	—	—	—	139	—	139
Total:									
		1,049,45	1,168,22						
Pass	558,872	9	9	332,264	452,165	973,399	672,373	63,593	5,270,354
Special mention	—	9,631	2,466	—	24,472	5,768	14,694	14,366	71,397
Substandard	2,268	33,750	8,958	2,338	15,152	11,712	7,737	2,457	84,372
Doubtful	—	—	—	—	—	—	—	—	—
		1,092,84	1,179,65						
Total Loans	\$ 561,140	\$ 0	\$ 3	\$ 334,602	\$ 491,789	\$ 990,879	\$ 694,804	\$ 80,416	\$ 5,426,123
Total Current Period Gross Charge-offs	\$ —	\$ 5,999	\$ 2,223	\$ —	\$ —	\$ 794	\$ 139	\$ —	\$ 9,155
Grade as of December 31, 2023 for Loans Originated During									
2018									
(In thousands)									
2023		2022		2021		2020		2019	
and Prior		Revolving		Term		Revolving-		Total	

Total lease financing	51,762	52,078	62,058	39,710	26,434	19,381	—	—	251,423
Current period gross charge-offs	—	4,800	—	—	—	794	—	—	5,594
Construction:									
Pass	—	—	—	—	—	—	17,987	—	17,987
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total commercial construction loans	—	—	—	—	—	—	17,987	—	17,987
Current period gross charge-offs	—	—	—	—	—	—	—	—	—
Consumer and other loans:									
Pass	3,934	—	301	158	—	4,141	51,788	3,581	63,903
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	3	—	3
Doubtful	—	—	—	—	—	—	—	—	—
Total consumer and other loans	3,934	—	301	158	—	4,141	51,791	3,581	63,906
Current period gross charge-offs	—	—	—	—	—	—	139	—	139
Total:									
Pass	558,872	1,049,459	1,168,229	332,264	452,165	973,399	672,373	63,593	5,270,354
Special mention	—	9,631	2,466	—	24,472	5,768	14,694	14,366	71,397
Substandard	2,268	33,750	8,958	2,338	15,152	11,712	7,737	2,457	84,372
Doubtful	—	—	—	—	—	—	—	—	—
Total Loans	\$ 561,140	\$ 1,092,840	\$ 1,179,653	\$ 334,602	\$ 491,789	\$ 990,879	\$ 694,804	\$ 80,416	\$ 5,426,123
Total Current Period Gross Charge-offs	\$ —	\$ 5,999	\$ 2,223	\$ —	\$ —	\$ 794	\$ 139	\$ —	\$ 9,155

At **June 30, 2024** **September 30, 2024**, **\$81.7** **80.0** million of substandard loans were individually evaluated, compared to **\$60.6** million at December 31, 2023. The increase in individually evaluated substandard loans was primarily due to six multifamily loans with a balance of **\$32.0** **31.8** million that were graded as substandard during the **six** **nine** months of 2024, offset by the sale of two multifamily individually evaluated loans totaling **\$15.1** million.

Loan Modifications:

On January 1, 2023, the Company adopted Accounting Standards Update 2022-02, which replaced the accounting and recognition of **TDRs**, **troubled debt restructurings**. The Company will provide modifications, which may include other than insignificant delays in payment of amounts due, extension of the terms of the notes or reduction in the interest rates on the notes. In certain instances, the Company may grant more than one type of modification. All accruing modified loans were paying in accordance with their modified terms as of **June 30, 2024** **September 30, 2024**. The Company has not committed to lend additional amounts as of **June 30, 2024** **September 30, 2024** to customers with outstanding loans that are classified as modified loans.

The following table provides information related to the modifications during the three months ended **June 30, 2024** **September 30, 2024** by pool segment and type of concession granted:

Significant Payment Delay		Significant Payment Delay	
Three Months Ended June 30, 2024		Three Months Ended September 30, 2024	
% of Total		% of Total	

(Dollars in thousands)	Amortized	Class of	Amortized	Class of
	Cost Basis	Financing	Cost Basis	Financing
	at Period End	Receivable	at Period End	Receivable
Primary residential mortgage	\$ 119	0.02%	\$ 542	0.09%
Investment commercial real estate	17,326	1.77%		
Commercial and industrial	14,539	1.17%	68	0.01%
Total	\$ 14,658	1.19%	\$ 17,936	1.87%

Significant Payment Delay and Term Extension				
Three Months Ended September 30, 2024				
(Dollars in thousands)	Amortized	Class of	Cost Basis	Financing
	at Period End	Receivable		
				% of Total
Commercial and industrial	\$ 10,521			0.81%
Total	\$ 10,521			0.81%

The following tables provide information related to the modifications during the **six** nine months ended **June 30, 2024** by pool segment

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and type of concession granted:

(Dollars in thousands)	Interest Rate Reduction and Term Extension			
	Six Months Ended June 30, 2024			
	Amortized	Class of	Cost Basis	Financing
	at Period End	Receivable		% of Total
Commercial and industrial	\$ 12,250			0.98%
Total	\$ 12,250			0.98%

Significant Payment Delay				
Six Months Ended June 30, 2024				
(Dollars in thousands)	Amortized	Class of	Cost Basis	Financing
	at Period End	Receivable		% of Total
Primary residential mortgage	\$ 119			0.02%
Commercial and industrial			14,539	1.17%
Total	\$ 14,658			1.19%

The following table provides information related to the modifications during the three months ended **June 30, 2023** **September 30, 2024** by pool segment and type of concession granted:

	Interest Rate Reduction		Interest Rate Reduction and Term Extension	
	Three Months Ended June 30, 2023		Nine Months Ended September 30, 2024	
	Amortized	Class of	Amortized	Class of
	Cost Basis	Financing	Cost Basis	Financing

(Dollars in thousands)	at Period End	Receivable	at Period End	Receivable
Commercial and industrial	\$ 777	0.06%	\$ 12,169	0.93%
Total	\$ 777	0.06%	\$ 12,169	0.93%
Significant Payment Delay				
Nine Months Ended September 30, 2024				
(Dollars in thousands)	Amortized	% of Total	Class of	
Primary residential mortgage	\$ 542	0.09%	Cost Basis	Financing
Investment commercial real estate	17,326	1.77%	at Period End	Receivable
Commercial and industrial	11,780	0.90%		
Total	\$ 29,648	2.76%		
Significant Payment Delay				
and Term Extension				
Nine Months Ended September 30, 2024				
(Dollars in thousands)	Amortized	% of Total	Class of	
Commercial and industrial	\$ 10,521	0.81%	Cost Basis	Financing
Total	\$ 10,521	0.81%	at Period End	Receivable

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There were no modifications during the three months ended September 30, 2023.

The following tables provide information related to the modifications during the ~~six~~ nine months ended ~~June 30, 2023~~ September 30, 2023 by pool segment and type of concession granted:

		Significant Pay Delay		Significant Pay Delay	
		Six Months Ended June 30, 2023		Nine Months Ended September 30, 2023	
		Amortized	% of Total	Amortized	% of Total
(Dollars in thousands)		Cost Basis	Class of	Cost Basis	Class of
Commercial and industrial		at Period End	Receivable	at Period End	Receivable
Total		\$ 248	0.02%	\$ 248	0.02%
		\$ 248	0.02%	\$ 248	0.02%
		Interest Rate Reduction		Interest Rate Reduction	
		Six Months Ended June 30, 2023		Nine Months Ended September 30, 2023	
		Amortized	% of Total	Amortized	% of Total
(Dollars in thousands)		Cost Basis	Class of	Cost Basis	Class of
Commercial and industrial		at Period End	Receivable	at Period End	Receivable
Total		\$ 777	0.06%	\$ 3,077	0.23%
		\$ 777	0.06%	\$ 3,077	0.23%

The following table depicts the payment status of the loans that were modified to a borrower experiencing financial difficulties on or after January 1, 2023, the date we adopted ASU 2022-02, through **June 30, 2024** **September 30, 2024**:

(Dollars in thousands)	Payment Status at June 30, 2024		
	Current	30-89 Days	90+ Days
	Past Due	Past Due	Past Due
Primary residential mortgage	\$ 119	\$ —	\$ —
Commercial and industrial	26,788	2,863	248
Total	\$ 26,907	\$ 2,863	\$ 248

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(Dollars in thousands)	Payment Status at September 30, 2024		
	Current	30-89 Days	90+ Days
	Past Due	Past Due	Past Due
Primary residential mortgage	\$ 542	\$ 118	\$ —
Investment commercial real estate	17,326	—	—
Commercial and industrial	34,470	2,799	248
Total	\$ 52,338	\$ 2,917	\$ 248

The following table presents loans by class modified that failed to comply with the modified terms in the twelve months following modification and resulted in a payment default at **June 30, 2024** **September 30, 2024**:

(Dollars in thousands)	Amortized Cost Basis of Modified Loans		Amortized Cost Basis of Modified Loans	
	That Subsequently Defaulted		That Subsequently Defaulted	
	Six Months Ended June 30, 2024		Nine Months Ended September 30, 2024	
Significant	Interest	Significant	Interest	
Pay Delay	Rate Reduction	Pay Delay	Rate Reduction	
Commercial and industrial	\$ —	\$ 2,863		
Primary residential mortgage	\$ 118	\$ —		
Total	\$ —	\$ 2,863	\$ 118	\$ —

The following table presents loans by class modified that failed to comply with the modified terms in the twelve months following modification and resulted in a payment default at **June 30, 2023** **September 30, 2023**:

(Dollars in thousands)	Amortized Cost Basis of Modified Loans		Amortized Cost Basis of Modified Loans	
	That Subsequently Defaulted		That Subsequently Defaulted	
	Six Months Ended June 30, 2023		Nine Months Ended September 30, 2023	
Significant	Interest	Significant	Interest	
Pay Delay	Rate Reduction	Pay Delay	Rate Reduction	
Commercial and industrial	\$ 248	\$ —	\$ 248	\$ —
Total	\$ 248	\$ —	\$ 248	\$ —

4. ALLOWANCE FOR CREDIT LOSSES

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On January 1, 2022, the Company adopted ASU 2016-13, which replaced the incurred loss methodology with an expected loss methodology that is referred to as the CECL methodology. See Note 1, Summary of Significant Accounting Policies for additional information on Topic 326.

The Company does not estimate expected credit losses on accrued interest receivable ("AIR") on loans, as AIR is reversed or written off when the full collection of the AIR related to a loan becomes doubtful. AIR on loans totaled \$30.5 million at **June 30, 2024** \$28.9 million at **September 30, 2024** and \$27.8 million at December 31, 2023.

The following tables present the loan balances by segment, and the corresponding balances in the allowance as of **June 30, 2024** **September 30, 2024** and December 31, 2023. The allowance was based on the CECL methodology.

(In thousands)	June 30, 2024								September 30, 2024									
	Ending								Ending									
	Attributable						Attributable						Attributable					
	Total	To	Total	Attributable		Total	Total	To Loans	Attributable	Total	To	Total	Total	To	Total	Attributable	Total	
	Individually	Individually	Loans	Collectively	Collectively	Total	Ending	Individually	Individually	Loans	To Loans	Collectively	Collectively	Total	Total	Ending		
	Evaluated	Evaluated	Loans	Evaluated	Evaluated	Loans	ACL	Evaluated	Evaluated	Loans	Evaluated	Evaluated	Evaluated	Loans	Loans	ACL		
	Loans	Loans	Evaluated	Evaluated	Evaluated	Loans	ACL	Loans	Loans	Evaluated	Evaluated	Evaluated	Evaluated	Loans	Loans	ACL		
Primary residential mortgage	\$ 1,843	\$ 47	\$ 582,802	\$ 4,144	\$ 584,645	\$ 4,191		\$ 1,658	\$ —	\$ 589,023	\$ 4,411	\$ 590,681	\$ 4,411					
Junior lien loan on residence	98	—	40,346	187	40,444	187		96	—	42,063	200	42,159	200					
Multifamily property	33,559	2,285	1,763,128	10,316	1,796,687	12,601		33,337	2,242	1,751,524	10,539	1,784,861	12,781					
Owner-occupied commercial real estate	—	—	256,035	4,712	256,035	4,712		—	—	269,743	4,909	269,743	4,909					
Investment commercial real estate	11,747	528	1,000,742	13,924	1,012,489	14,452		11,715	745	967,473	13,411	979,188	14,156					
Commercial and industrial	30,684	4,747	1,214,221	23,821	1,244,905	28,568		29,810	6,501	1,276,360	24,808	1,306,170	31,309					
Lease financing	3,871	264	225,023	1,426	228,894	1,690		3,356	197	227,928	1,524	231,284	1,721					
Construction	—	—	22,643	655	22,643	655		—	—	28,578	770	28,578	770					
Consumer and other loans	—	—	71,789	928	71,789	928		—	—	80,795	1,026	80,795	1,026					
Total ACL	\$ 81,802	\$ 7,871	\$ 5,176,729	\$ 60,113	\$ 5,258,531	\$ 67,984		\$ 79,972	\$ 9,685	\$ 5,233,487	\$ 61,598	\$ 5,313,459	\$ 71,283					

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(In thousands)	December 31, 2023											
	Ending ACL											
	Attributable						Ending ACL					
	Total		To		Total		Attributable		To Loans		Attributable	
	Individually	Individually	Individually	Individually	Loans	Loans	Loans	Loans	To Loans	To Loans	Total	Total
	Evaluated	Evaluated	Evaluated	Evaluated	Evaluated	Evaluated	Collectively	Collectively	Collectively	Collectively	Total	Total
	Loans	Loans	Evaluated	Evaluated	Evaluated	Evaluated	Evaluated	Evaluated	Evaluated	Evaluated	ACL	ACL
Primary residential mortgage	\$ 652	\$ —	\$ 584,474	\$ 3,931	\$ 585,126	\$ 3,931						

Junior lien loan on residence	100	—	40,103	177	40,203	177
Multifamily property	16,645	—	1,819,745	8,782	1,836,390	8,782
Owner-occupied commercial real estate	—	—	255,110	4,840	255,110	4,840
Investment commercial real estate	9,881	—	1,051,316	15,403	1,061,197	15,403
Commercial and industrial	31,430	4,518	1,283,351	25,189	1,314,781	29,707
Lease financing	2,002	20	249,421	1,643	251,423	1,663
Construction	—	—	17,987	516	17,987	516
Consumer and other loans	—	—	63,906	869	63,906	869
Total ACL	\$ 60,710	\$ 4,538	\$ 5,365,413	\$ 61,350	\$ 5,426,123	\$ 65,888

Individually evaluated loans include nonaccrual loans of \$81.7 million at **June 30, 2024** September 30, 2024 and \$60.6 million at December 31, 2023. Individually evaluated loans did not include any performing modified loans at **June 30, 2024** September 30, 2024. An allowance of \$149,000 was allocated to modified loans at **June 30, 2024** September 30, 2024.

The allowance for credit losses was \$68.0 million as of **June 30, 2024** September 30, 2024, compared to \$65.9 million at December 31, 2023. The increase in the allowance for credit losses ("ACL") was primarily related to an increase in the ACL related to multifamily loans, which was driven by the increase in individually evaluated loans of \$16.6 million to \$33.6 million and certain qualitative adjustments made during the first **six** months of 2024. The allowance for credit losses as a percentage of loans was 1.29 percent at **June 30, 2024** September 30, 2024, compared to 1.21 percent at December 31, 2023.

Under Topic 326, the Company's methodology for determining the ACL on loans is based upon key assumptions, including historic net charge-offs, economic forecasts, reversion periods, prepayments and qualitative adjustments. The allowance is measured on a collective, or pool, basis when similar risk characteristics exist. Loans that do not share common risk characteristics are evaluated on an individual basis and are excluded from the collective evaluation.

The following tables present collateral dependent loans individually evaluated by segment as of **June 30, 2024** September 30, 2024 and December 31, 2023:

(in thousands)	June 30, 2024				September 30, 2024			
	Unpaid		Average		Unpaid		Average	
	Principal		Individually		Principal		Individually	
	Balance	Investment (A)	Allowance	Loans	Balance	Investment (A)	Allowance	Loans
With no related allowance recorded:								
Primary residential mortgage (A)	\$ 1,337	\$ 1,252	\$ —	\$ 919	\$ 1,754	\$ 1,658	\$ —	\$ 1,539
Junior lien loan on residence (A)	100	98	—	106	99	96	—	103
Multifamily property (B)	20,225	20,225	—	19,455	15,320	15,295	—	17,526
Commercial and industrial (A)(C)(D)	7,816	5,184	—	4,817	3,902	2,733	—	3,798
Lease financing (E)	3,103	3,003	—	1,165	2,671	2,555	—	1,662
Total loans with no related allowance	\$ 32,581	\$ 29,762	\$ —	\$ 26,462	\$ 23,746	\$ 22,337	\$ —	\$ 24,628
With related allowance recorded:								
Primary residential mortgage (A)	\$ 591	\$ 591	\$ 47	\$ 493				
Multifamily property (B)	13,334	13,334	2,285	5,273	\$ 18,138	\$ 18,042	\$ 2,242	\$ 10,090
Investment commercial real estate (D)	14,430	11,747	528	10,164	14,430	11,715	745	10,684
Commercial and industrial (C)(D)(E)	27,414	25,500	4,747	26,162				
Commercial and industrial (A)(C)(D)(E)	29,513	27,077	6,501	22,184				
Lease financing (E)	904	868	264	933	841	801	197	889
Total loans with related allowance	\$ 56,673	\$ 52,040	\$ 7,871	\$ 43,025	\$ 62,922	\$ 57,635	\$ 9,685	\$ 43,847
Total loans individually evaluated	\$ 89,254	\$ 81,802	\$ 7,871	\$ 69,487	\$ 86,668	\$ 79,972	\$ 9,685	\$ 68,475

- (A) Secured by residential real estate.
- (B) Secured by multifamily residential properties.
- (C) Secured by commercial real estate.
- (D) Secured by all business assets.

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- (E) Secured by machinery and equipment.

(In thousands)	December 31, 2023						Average	
	Unpaid		Recorded		Related			
	Principal	Investment	Allowance	Evaluation				
	Balance							
With no related allowance recorded:								
Primary residential mortgage (A)	\$ 712	\$ 652	\$ —	\$ 428				
Junior lien loan on residence (A)	100	100	—	8				
Multifamily property (B)	18,868	16,645	—	5,964				
Investment commercial real estate (C)	12,500	9,881	—	5,781				
Commercial and industrial (A)(C)(D)	6,275	3,965	—	2,146				
Lease financing (E)	1,035	946	—	2,067				
Total loans with no related allowance	\$ 39,490	\$ 32,189	\$ —	\$ 16,394				
With related allowance recorded:								
Commercial and industrial (C)(D)(E)	\$ 28,359	\$ 27,465	\$ 4,518	\$ 9,814				
Lease financing (E)	1,079	1,056	20	1,611				
Total loans with related allowance	\$ 29,438	\$ 28,521	\$ 4,538	\$ 11,425				
Total loans individually evaluated for impairment	\$ 68,928	\$ 60,710	\$ 4,538	\$ 27,819				

- (A) Secured by residential real estate.
- (B) Secured by multifamily residential properties.
- (C) Secured by commercial real estate.
- (D) Secured by all business assets.
- (E) Secured by machinery and equipment.

Interest income recognized on individually evaluated loans for the three and **six** **nine** months ended **June 30, 2024** **September 30, 2024** and 2023 was not material. The Company did not recognize any income on non-accruing loans for the three and **six** **nine** months ended **June 30, 2024** **September 30, 2024** and 2023.

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The activity in the allowance for credit losses for the three months ended **June 30, 2024** **September 30, 2024** and **June 30, 2023** **September 30, 2023** is summarized below:

April 1, 2024 Beginning	June 30, 2024 Provision	June 30, 2024 Ending	July 1, 2024 Beginning	September 30, 2024 Provision	September 30, 2024 Ending

(In thousands)	ACL	Charge-offs	Recoveries	(Credit) (A)	ACL	ACL	Charge-offs	Recoveries	(Credit) (A)	ACL
Primary residential mortgage	\$ 4,101	\$ —	\$ —	\$ 90	\$ 4,191	\$ 4,191	\$ (43)	\$ —	\$ 263	\$ 4,411
Junior lien loan on residence	178	—	—	9	187	187	—	—	13	200
Multifamily property	10,242	(5,379)	—	7,738	12,601	12,601	—	—	180	12,781
Owner-occupied commercial real estate	4,906	—	—	(194)	4,712	4,712	—	—	197	4,909
Investment commercial real estate	15,126	—	—	(674)	14,452	14,452	—	—	(296)	14,156
Commercial and industrial	28,755	—	5	(192)	28,568	28,568	—	2,115	626	31,309
Lease financing	1,431	—	3,210	(2,951)	1,690	1,690	—	4	27	1,721
Construction	597	—	—	58	655	655	—	—	115	770
Consumer and other loans	915	(4)	—	17	928	928	(4)	—	102	1,026
Total ACL	\$ 66,251	\$ (5,383)	\$ 3,215	\$ 3,901	\$ 67,984	\$ 67,984	\$ (47)	\$ 2,119	\$ 1,227	\$ 71,283

(A) Provision to roll forward the ACL excludes a credit of \$3,000 for off-balance sheet commitments.

(In thousands)	July 1, 2023			September 30, 2023		
	Beginning			Provision		Ending
	ACL	Charge-offs	Recoveries	(Credit) (A)	ACL	
Primary residential mortgage	\$ 3,148	\$ —	\$ —	\$ 115	\$ 3,263	
Junior lien loan on residence	151	—	—	3	154	
Multifamily property	10,537	—	—	45	10,582	
Owner-occupied commercial real estate	4,708	—	—	(46)	4,662	
Investment commercial real estate	13,548	—	—	(23)	13,525	
Commercial and industrial	27,433	—	—	4,701	32,134	
Lease financing	2,063	—	—	904	2,967	
Construction	421	—	—	131	552	
Consumer and other loans	695	(57)	1	114	753	
Total ACL	\$ 62,704	\$ (57)	\$ 1	\$ 5,944	\$ 68,592	

(A) Provision to roll forward the ACL excludes a provision of \$10,000 \$88,000 for off-balance sheet commitments.

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(In thousands)	April 1, 2023			June 30, 2023		
	Beginning			Provision		Ending
	ACL	Charge-offs	Recoveries	(Credit) (A)	ACL	
Primary residential mortgage	\$ 2,959	\$ —	\$ —	\$ 189	\$ 3,148	
Junior lien loan on residence	146	—	—	5	151	
Multifamily property	9,823	—	—	714	10,537	
Owner-occupied commercial real estate	4,952	—	—	(244)	4,708	
Investment commercial real estate	14,538	(1,199)	—	209	13,548	
Commercial and industrial	26,869	—	—	564	27,433	
Lease financing	1,989	—	—	74	2,063	
Construction	313	—	—	108	421	
Consumer and other loans	661	(15)	2	47	695	
Total ACL	\$ 62,250	\$ (1,214)	\$ 2	\$ 1,666	\$ 62,704	

(A) Provision to roll forward the ACL excludes a provision of \$30,000 for off-balance sheet commitments.

(In thousands)	January 1, 2024					June 30, 2024					January 1, 2024					September 30, 2024					
	Beginning			Provision		Ending		Beginning			Provision		Ending		Beginning			Provision		Ending	
	ACL	Charge-offs	Recoveries	(Credit) (A)	ACL	ACL	Charge-offs	Recoveries	(Credit) (A)	ACL	ACL	Charge-offs	Recoveries	(Credit) (A)	ACL	ACL	Charge-offs	Recoveries	(Credit) (A)	ACL	
Primary residential mortgage	\$ 3,931	\$ —	\$ —	\$ 260	\$ 4,191	\$ 3,931	\$ (43)	\$ —	\$ 523	\$ 4,411	\$ 3,931	\$ —	\$ —	\$ 23	\$ 200	\$ —	\$ —	\$ —	\$ 200		
Junior lien loan on residence	177	—	—	10	187	177	—	—	—	—	—	—	—	—	—	—	—	—	—		
Multifamily property	8,782	(5,379)	—	9,198	12,601	8,782	(5,379)	—	9,378	12,781	8,782	(5,379)	—	9,378	12,781	8,782	(5,379)	—	9,378		
Owner-occupied commercial real estate	4,840	—	—	(128)	4,712	4,840	—	—	69	4,909	4,840	—	—	69	4,909	4,840	—	—	4,909		
Investment commercial real estate	15,403	—	—	(951)	14,452	15,403	—	—	(1,247)	14,156	15,403	—	—	(1,247)	14,156	15,403	—	—	14,156		
Commercial and industrial	29,707	(241)	5	(903)	28,568	29,707	(241)	2,120	(277)	31,309	29,707	(241)	2,120	(277)	31,309	29,707	(241)	2,120	(277)		
Lease financing	1,663	—	3,210	(3,183)	1,690	1,663	—	3,214	(3,156)	1,721	1,663	—	3,214	(3,156)	1,721	1,663	—	3,214	(3,156)		
Construction	516	—	—	139	655	516	—	—	254	770	516	—	—	254	770	516	—	—	770		
Consumer and other loans	869	(17)	2	74	928	869	(21)	2	176	1,026	869	(21)	2	176	1,026	869	(21)	2	176		
Total ACL	\$ 65,888	\$ (5,637)	\$ 3,217	\$ 4,516	\$ 67,984	\$ 65,888	\$ (5,684)	\$ 5,336	\$ 5,743	\$ 71,283	\$ 65,888	\$ (5,684)	\$ 5,336	\$ 5,743	\$ 71,283	\$ 65,888	\$ (5,684)	\$ 5,336	\$ 5,743	\$ 71,283	

(A) Provision to roll forward the ACL excludes a provision of \$22,000 19,000 for off-balance sheet commitments.

(In thousands)	January 1, 2023					June 30, 2023					Beginning			Provision		Ending				
	Beginning			Provision		Ending		Beginning			Provision		Ending		Beginning		Provision		Ending	
	ACL	Charge-offs	Recoveries	(Credit) (A)	ACL	ACL	Charge-offs	Recoveries	(Credit) (A)	ACL	ACL	Charge-offs	Recoveries	(Credit) (A)	ACL	ACL	Charge-offs	Recoveries	(Credit) (A)	ACL
Primary residential mortgage	\$ 2,894	\$ —	\$ —	\$ —	\$ 254	\$ 3,148	\$ —	\$ —	\$ —	\$ 3,148	\$ 2,894	\$ —	\$ —	\$ —	\$ 2,894	\$ —	\$ —	\$ —	\$ 2,894	
Junior lien loan on residence	154	—	—	—	(3)	151	—	—	—	151	154	—	—	—	154	—	—	—	154	
Multifamily property	8,849	—	—	—	1,688	10,537	—	—	—	10,537	8,849	—	—	—	8,849	—	—	—	8,849	
Owner-occupied commercial real estate	4,835	—	—	—	(127)	4,708	—	—	—	4,708	4,835	—	—	—	4,835	—	—	—	4,835	
Investment commercial real estate	15,480	(1,199)	—	—	(733)	13,548	—	—	—	13,548	15,480	(1,199)	—	—	15,480	—	—	—	15,480	
Commercial and industrial	25,530	—	—	—	1,903	27,433	—	—	—	27,433	25,530	—	—	—	25,530	—	—	—	25,530	
Lease financing	2,314	—	—	—	(251)	2,063	—	—	—	2,063	2,314	—	—	—	2,314	—	—	—	2,314	
Construction	236	—	—	—	185	421	—	—	—	421	236	—	—	—	236	—	—	—	236	
Consumer and other loans	537	(61)	—	5	214	695	—	—	—	695	537	(61)	5	214	537	—	—	—	537	
Total ACL	\$ 60,829	\$ (1,260)	\$ 5	\$ 5	\$ 3,130	\$ 62,704	\$ —	\$ —	\$ —	\$ 62,704	\$ 60,829	\$ (1,260)	\$ 5	\$ 5	\$ 3,130	\$ —	\$ —	\$ —	\$ 60,829	

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(In thousands)	January 1, 2023					September 30, 2023					Beginning			Provision		Ending				
	Beginning			Provision		Ending		Beginning			Provision		Ending		Beginning		Provision		Ending	
	ACL	Charge-offs	Recoveries	(Credit) (A)	ACL	ACL	Charge-offs	Recoveries	(Credit) (A)	ACL	ACL	Charge-offs	Recoveries	(Credit) (A)	ACL	ACL	Charge-offs	Recoveries	(Credit) (A)	ACL
Primary residential mortgage	\$ 2,894	\$ —	\$ —	\$ 369	\$ 3,263	\$ 2,894	\$ —	\$ —	\$ —	\$ 3,263	\$ 2,894	\$ —	\$ —	\$ —	\$ 2,894	\$ —	\$ —	\$ —	\$ 2,894	
Junior lien loan on residence	154	—	—	—	—	154	—	—	—	154	154	—	—	—	154	—	—	—	154	
Multifamily property	8,849	—	—	1,733	10,582	8,849	—	—	—	10,582	8,849	—	—	—	8,849	—	—	—	8,849	
Owner-occupied commercial real estate	4,835	—	—	(173)	4,662	4,835	—	—	—	4,662	4,835	—	—	—	4,835	—	—	—	4,835	
Investment commercial real estate	15,480	(1,199)	—	(756)	13,525	15,480	(1,199)	—	—	13,525	15,480	(1,199)	—	—	15,480	—	—	—	15,480	
Commercial and industrial	25,530	—	—	6,604	32,134	25,530	—	—	—	32,134	25,530	—	—	—	25,530	—	—	—	25,530	
Lease financing	2,314	—	—	653	2,967	2,314	—	—	—	2,967	2,314	—	—	—	2,314	—	—	—	2,314	
Construction	236	—	—	316	552	236	—	—	—	552	236	—	—	—	236	—	—	—	236	
Consumer and other loans	537	(118)	—	328	753	537	(118)	—	—	753	537	(118)	—	—	537	—	—	—	537	
Total ACL	\$ 60,829	\$ (1,317)	\$ 6	\$ 9,074	\$ 68,592	\$ 60,829	\$ (1,317)	\$ 6	\$ 9,074	\$ 68,592	\$ 60,829	\$ (1,317)	\$ 6	\$ 9,074	\$ 68,592	\$ —	\$ —	\$ —	\$ 60,829	

(A) Provision to roll forward the ACL excludes a provision credit of \$79,000 for off-balance sheet commitments.

Allowance for Credit Losses on Off-Balance Sheet Commitments

The following tables present the activity in the ACL for off-balance sheet commitments for the ~~six~~ nine months ended ~~June 30, 2024~~ September 30, 2024 and 2023:

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(In thousands)	January 1,		September 30, 2024	
	2024			
	Beginning	Provision (Credit)		
Off balance sheet commitments	\$ 687	\$ 19	\$ 706	
Total ACL	<u>687</u>	<u>19</u>	<u>706</u>	

(In thousands)	January 1,		June 30, 2024	
	2024			
	Beginning	Provision (Credit)		
Off balance sheet commitments	\$ 687	\$ 22	\$ 709	
Total ACL	<u>687</u>	<u>22</u>	<u>709</u>	

(In thousands)	January 1,			January 1,			September 30, 2024
	2023		June 30,	2023		September 30,	
	Beginning	Provision	2023	Beginning	Provision	2023	
Off balance sheet commitments	\$ 752	\$ 79	\$ 831	\$ 752	\$ (9)	\$ 743	\$ 743
Total ACL	<u>752</u>	<u>79</u>	<u>831</u>	<u>752</u>	<u>(9)</u>	<u>743</u>	<u>743</u>

5. DEPOSITS

Certificates of deposit that met or exceeded \$250,000 totaled \$133.9 million and \$105.9 million at ~~June 30, 2024~~ September 30, 2024 and December 31, 2023, respectively. These totals exclude brokered certificates of deposit, which totaled \$26.0 million at September 30, 2024 and \$120.5 million at ~~June 30, 2024~~ and December 31, 2023, respectively.

The following table sets forth the details of total deposits as of ~~June 30, 2024~~ September 30, 2024 and December 31, 2023:

(Dollars in thousands)	June 30,		December 31,		September 30,		December 31,	
	2024	2023	2023	2024	2023	2023	2024	2023
Noninterest-bearing demand deposits	\$ 950,368	16.80%	\$ 957,687	18.16%	\$ 1,079,877	18.19%	\$ 957,687	18.16%
Interest-bearing checking (A)	3,229,814	57.10	2,882,193	54.65	3,316,217	55.87	2,882,193	54.65
Savings	105,602	1.87	111,573	2.12	103,979	1.75	111,573	2.12
Money market	824,158	14.57	740,559	14.04	902,562	15.21	740,559	14.04
Certificates of deposit - retail	502,810	8.89	443,791	8.41	515,297	8.68	443,791	8.41
Certificates of deposit - listing service	7,454	0.13	7,804	0.15	7,454	0.13	7,804	0.15
Subtotal deposits	5,620,206	99.36	5,143,607	97.53	5,925,386	99.83	5,143,607	97.53
Interest-bearing demand - Brokered	10,000	0.18	10,000	0.19	10,000	0.17	10,000	0.19
Certificates of deposit - Brokered	26,000	0.46	120,507	2.28	—	—	120,507	2.28

Total deposits	\$ 5,656,206	100.00 %	\$ 5,274,114	100.00 %	\$ 5,935,386	100.00 %	\$ 5,274,114	100.00 %
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(A) Interest-bearing checking includes \$1.31.4 billion at **June 30, 2024** **September 30, 2024** and \$990.7 million at December 31, 2023 of reciprocal balances in the Reich & Tang or Promontory Demand Deposit Marketplace **program**.

The scheduled maturities of certificates of deposit, including brokered certificates of deposit, as of **June 30, 2024** **September 30, 2024**, are as follows:

(In thousands)			
2024	\$ 353,869	\$ 158,997	
2025	174,891	337,013	
2026	5,338	24,070	
2027	920	1,240	
2028	1,049	871	
2029 and later	197	560	
Total	\$ 536,264	\$ 522,751	

6. FEDERAL HOME LOAN BANK ADVANCES AND OTHER BORROWINGS

At **June 30, 2024** **September 30, 2024**, the Company had no overnight borrowings with the FHLB compared to \$403.8 million of overnight borrowings at the FHLB at a rate of 5.62 percent at December 31, 2023. At **June 30, 2024** **September 30, 2024**, the Company also had available unused short-term overnight borrowing capacity through the FHLB of \$1.71.8 billion, \$22.0 million from correspondent banks and \$1.61.8 billion at the Federal Reserve Bank of New York.

7. BUSINESS SEGMENTS

The Company assesses its results among two operating segments, Banking and Peapack Private. Management uses certain methodologies to allocate income and expense to the business segments. A funds transfer pricing methodology is used to assign

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interest income and interest expense. Certain indirect expenses are allocated to segments. These include support unit expenses such as technology and operations and other support functions. Taxes are allocated to each segment based on the effective rate for the period shown.

Banking

The Banking segment includes: commercial (includes C&I and equipment finance), commercial real estate, multifamily, commercial construction, residential and consumer lending activities; treasury management services; C&I advisory services; escrow management; deposit generation; operation of ATMs; telephone and internet banking services; merchant credit card services and customer support and sales.

Peapack Private

Peapack Private which includes the operations of PGB Trust & Investments of Delaware, consists of: investment management services provided for individuals and institutions; personal trust services, including services as executor, trustee, administrator, custodian and guardian; and other financial planning, tax preparation and advisory services.

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The following tables present the statements of income and total assets for the Company's reportable segments for the three and **six** **nine** months ended **June 30, 2024** **September 30, 2024** and 2023.

(In thousands)	Three Months Ended June 30, 2024			Three Months Ended September 30, 2024		
	Peapack			Peapack		
	Banking	Private	Total	Banking	Private	Total
Net interest income	\$ 34,462	\$ 580	\$ 35,042	\$ 37,077	\$ 604	\$ 37,681
Noninterest income	4,925	16,630	21,555	3,604	15,334	18,938
Total income	39,387	17,210	56,597	40,681	15,938	56,619
Provision for credit losses	3,911	—	3,911	1,224	—	1,224
Compensation and benefits	21,874	8,010	29,884	23,988	7,062	31,050
Premises and equipment expense	5,042	734	5,776	4,794	839	5,633
FDIC expense	870	—	870	870	—	870
Other operating expense	4,630	1,966	6,596	5,013	2,083	7,096
Total operating expense	36,327	10,710	47,037	35,889	9,984	45,873
Income before income tax expense	3,060	6,500	9,560	4,792	5,954	10,746
Income tax expense	547	1,483	2,030	1,404	1,755	3,159
Net income	\$ 2,513	\$ 5,017	\$ 7,530	\$ 3,388	\$ 4,199	\$ 7,587

(In thousands)	Three Months Ended June 30, 2023			Three Months Ended September 30, 2023		
	Peapack			Peapack		
	Banking	Private	Total	Banking	Private	Total
Net interest income	\$ 38,103	\$ 818	\$ 38,921	\$ 35,811	\$ 704	\$ 36,515
Noninterest income	4,072	14,503	18,575	5,120	14,234	19,354
Total income	42,175	15,321	57,496	40,931	14,938	55,869
Provision for credit losses	1,696	—	1,696	5,856	—	5,856
Compensation and employee benefits	17,949	8,405	26,354	18,440	6,824	25,264
Premises and equipment expense	4,023	706	4,729	4,436	778	5,214
FDIC insurance expense	729	—	729	741	—	741
Other operating expense	3,855	2,025	5,880	4,188	2,006	6,194
Total operating expense	28,252	11,136	39,388	33,661	9,608	43,269
Income before income tax expense	13,923	4,185	18,108	7,270	5,330	12,600
Income tax expense	3,816	1,147	4,963	2,275	1,570	3,845
Net income	\$ 10,107	\$ 3,038	\$ 13,145	\$ 4,995	\$ 3,760	\$ 8,755

(In thousands)	Nine Months Ended September 30, 2024		
	Peapack		
	Banking	Private	Total
Net interest income	\$ 105,299	\$ 1,799	\$ 107,098
Noninterest income	12,616	46,578	59,194
Total income	117,915	48,377	166,292
Provision for credit losses	5,762	—	5,762
Compensation and employee benefits	67,585	21,825	89,410
Premises and equipment expense	14,214	2,276	16,490
FDIC insurance expense	2,685	—	2,685

Other operating expense	13,231	6,000	19,231
Total operating expense	103,477	30,101	133,578
Income before income tax expense	14,438	18,276	32,714
Income tax expense	3,958	5,008	8,966
Net income	\$ 10,480	\$ 13,268	\$ 23,748
 Total assets at period end	 \$ 6,663,410	 \$ 130,382	 \$ 6,793,792

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	Six Months Ended June 30, 2024		
(In thousands)	Peapack		
	Banking	Private	Total
Net interest income	\$ 68,222	\$ 1,195	\$ 69,417
Noninterest income	9,012	31,244	40,256
Total income	77,234	32,439	109,673
 Provision for credit losses	4,538	—	4,538
Compensation and employee benefits	43,597	14,763	58,360
Premises and equipment expense	9,420	1,437	10,857
FDIC insurance expense	1,815	—	1,815
Other operating expense	8,218	3,917	12,135
Total operating expense	67,588	20,117	87,705
Income before income tax expense	9,646	12,322	21,968
Income tax expense	2,554	3,253	5,807
Net income	\$ 7,092	\$ 9,069	\$ 16,161
 Total assets at period end	 \$ 6,382,263	 \$ 123,087	 \$ 6,505,350
	Six Months Ended June 30, 2023		
(In thousands)	Peapack		
	Banking	Private	Total
Net interest income	\$ 80,193	\$ 2,706	\$ 82,899
Noninterest income	7,907	28,727	36,634
Total income	88,100	31,433	119,533
 Provision for credit losses	3,209	—	3,209
Compensation and employee benefits	36,118	14,822	50,940
Premises and equipment expense	7,636	1,467	9,103
FDIC insurance expense	1,440	—	1,440
Other operating expense	7,129	4,654	11,783
Total operating expense	55,532	20,943	76,475
Income before income tax expense	32,568	10,490	43,058
Income tax expense	8,746	2,812	11,558
Net income	\$ 23,822	\$ 7,678	\$ 31,500
 Total assets at period end	 \$ 6,363,409	 \$ 116,291	 \$ 6,479,700
Nine Months Ended September 30, 2023			

(In thousands)	NINE MONTHS ENDED SEPTEMBER 30, 2023		
	Peapack		
	Banking	Private	Total
Net interest income	\$ 116,004	\$ 3,410	\$ 119,414
Noninterest income	13,027	42,961	55,988
Total income	129,031	46,371	175,402
Provision for credit losses	9,065	—	9,065
Compensation and employee benefits	54,558	21,646	76,204
Premises and equipment expense	12,072	2,245	14,317
FDIC insurance expense	2,181	—	2,181
Other operating expense	11,317	6,660	17,977
Total operating expense	89,193	30,551	119,744
Income before income tax expense	39,838	15,820	55,658
Income tax expense	11,021	4,382	15,403
Net income	\$ 28,817	\$ 11,438	\$ 40,255
Total assets at period end	\$ 6,405,796	\$ 115,785	\$ 6,521,581

8. 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 company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

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The Company used the following methods and significant assumptions to estimate the fair value:

Investment Securities: The fair values for investment securities are determined by quoted market prices (Level 1). For securities where quoted prices are not available, fair values are calculated based on market prices of similar securities (Level 2). For securities where quoted prices or market prices of similar securities are not available, fair values are calculated using discounted cash flows or other market indicators (Level 3).

Loans Held for Sale, at Fair Value: The fair value of loans held for sale is determined using quoted prices for similar assets, adjusted for specific attributes of that loan or other observable market data, such as outstanding commitments from third party investors (Level 2).

Derivatives: The fair values of derivatives are based on valuation models using observable market data as of the measurement date (Level 2). Our derivatives are traded in an over-the-counter market where quoted market prices are not always available. Therefore, the fair values of derivatives are determined using quantitative models that utilize multiple market inputs. The inputs will vary based on the type of derivative, but could include interest rates, prices and indices to generate continuous yield or pricing curves, prepayment rates, and volatility factors to value the position. The majority of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions and third-party pricing services.

Individually Evaluated Loans: The fair value of collateral dependent loans with specific allocations of the allowance for credit losses is generally based on recent real estate appraisals. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Individually evaluated loans may, in some cases, also be measured by the discounted cash flow methodology where payments are anticipated. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are usually significant and typically result in a Level 3 classification of the inputs for determining fair value.

Other Real Estate Owned: Nonrecurring adjustments to certain commercial and residential real estate properties classified as other real estate owned ("OREO") are measured at fair value, less estimated 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 are usually significant and typically result in a Level 3 classification of the inputs for determining fair value.

Appraisals for both collateral-dependent impaired loans and other real estate owned are performed by certified general appraisers (for commercial properties) or certified residential appraisers (for residential properties) whose qualifications and licenses have been reviewed and verified by Management. Once received, a third party conducts a review of the appraisal for compliance with the Uniform Standards of Professional Appraisal Practice and appropriate analysis methods for the type of property. Subsequently, a member of the Credit Department reviews the assumptions and approaches utilized in the appraisal, as well as the overall resulting fair value in comparison with independent data sources such as recent market data or industry-wide statistics. Appraisals on collateral dependent impaired loans and other real estate owned (consistent for all loan types) are obtained on an annual basis, unless a significant change in the market or other factors warrants a more frequent appraisal. On an annual basis, Management compares the actual selling price of any collateral that has been sold to the most recent appraised value to determine what additional adjustment should be made to the appraisal value to arrive at fair value for other properties. The most recent analysis performed indicated that a discount up to 15 percent should be applied to appraisals on properties. The discount is determined based on the nature of the underlying properties, aging of appraisals and other factors. For each collateral-dependent impaired loan, we consider other factors, such as certain indices or other market information, as well as property specific circumstances to determine if an adjustment to the appraised value is needed. In situations where there is evidence of change in value, the Bank will determine if there is a need for an adjustment to the specific reserve on the collateral dependent impaired loans. When the Bank applies an interim adjustment, it generally shows the adjustment as an incremental specific reserve against the loan until it has received the full updated appraisal. All collateral-dependent impaired loans and other real estate owned valuations were supported by an appraisal less than 12 months old or in the process of obtaining an appraisal as of **June 30, 2024** **September 30, 2024**.

The following tables summarize, at the dates indicated, assets measured at fair value on a recurring basis, including financial assets for which the Company has elected the fair value option:

Assets Measured on a Recurring Basis

(In thousands)	Fair Value Measurements Using						Fair Value Measurements Using					
	Quoted			Prices in			Quoted			Prices in		
	Active		Significant		Active		Significant		Active		Significant	
	Markets For	Other	Markets For	Other	Markets For	Other	Markets For	Other	Markets For	Other	Markets For	Other
	Identical	Observable	Identical	Observable	Identical	Observable	Identical	Observable	Identical	Observable	Identical	Observable
	June 30, 2024	Assets	Inputs	Inputs	September 30, 2024	Assets	Inputs	Inputs	September 30, 2024	Assets	Inputs	Inputs
	2024	(Level 1)	(Level 2)	(Level 3)		(Level 1)	(Level 2)	(Level 3)		(Level 1)	(Level 2)	(Level 3)
Assets:												
Available for sale:												
U.S. government-sponsored agencies	\$ 195,002	\$ —	\$ 195,002	\$ —	\$ 205,013	\$ —	\$ 205,013	\$ —				
Mortgage-backed securities-residential	363,032	—	363,032	—	442,082	—	442,082	—				
SBA pool securities	21,683	—	21,683	—	21,413	—	21,413	—				
Corporate bond	12,167	—	12,167	—	14,205	—	14,205	—				
CRA investment fund	12,971	12,971	—	—	13,445	13,445	—	—				
Derivatives:												
Cash flow hedges	9,461	—	9,461	—	3,970	—	3,970	—				

Loan level swaps	27,633	—	27,633	—	14,297	—	14,297	—
Total	\$ 641,949	\$ 12,971	\$ 628,978	\$ —	\$ 714,425	\$ 13,445	\$ 700,980	\$ —
Liabilities:								
Derivatives:								
Cash flow hedges	109	—	109	—	14,297	—	14,297	—
Loan level swaps	27,633	—	27,633	—	14,297	—	14,297	—
Total	\$ 27,633	\$ —	\$ 27,633	\$ —	\$ 14,406	\$ —	\$ 14,406	\$ —

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Assets Measured on a Recurring Basis

(In thousands)	Fair Value Measurements Using						
	Quoted						
	Prices in						
	Active						
	Significant						
Markets For						Significant	
Identical						Unobservable	
December 31,						Inputs	
Assets						Inputs	
(Level 1)						(Level 3)	
Assets:							
Securities available for sale:							
U.S. government-sponsored agencies	\$ 197,691	\$ —	\$ 197,691	\$ —			
Mortgage-backed securities-residential	320,796	—	320,796	—			
SBA pool securities	23,404	—	23,404	—			
Corporate bond	8,726	—	8,726	—			
CRA investment fund	13,166	13,166	—	—			
Derivatives:							
Cash flow hedges	6,814	—	6,814	—			
Loan level swaps	23,826	—	23,826	—			
Total	\$ 594,423	\$ 13,166	\$ 581,257	\$ —			
Liabilities:							
Derivatives:							
Loan level swaps	\$ 23,826	\$ —	\$ 23,826	\$ —			
Total	\$ 23,826	\$ —	\$ 23,826	\$ —			

The Company has elected the fair value option for certain loans held for sale. These loans are intended for sale and the Company believes that the fair value is the best indicator of the resolution of these loans. Interest income is recorded based on the contractual terms of the loan and in accordance with the Company's policy on loans held for investment. None of these loans are 90 days or more past due or on nonaccrual as of **June 30, 2024** **September 30, 2024** and December 31, 2023.

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The following table presents residential loans held for sale, at fair value, at the dates indicated:

(In thousands)	June 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Residential loans contractual balance	\$ 225	\$ 98	\$ 554	\$ 98
Fair value adjustment	3	2	7	2
Total fair value of residential loans held for sale	<u>\$ 228</u>	<u>\$ 100</u>	<u>\$ 561</u>	<u>\$ 100</u>

The following tables summarize, at the dates indicated, assets measured at fair value on a non-recurring basis:

(In thousands)	Fair Value Measurements Using						Fair Value Measurements Using					
	Quoted						Quoted					
	Prices in			Prices in			Active			Active		
	Markets For		Other	Significant		Significant	Markets For		Other	Significant		Significant
	Identical	Observable	Unobservable	Identical	Observable	Unobservable	Identical	Observable	Unobservable	Identical	Observable	Unobservable
	June 30,	Assets	Inputs	Inputs	Assets	Inputs	September 30,	Assets	Inputs	Inputs	Assets	Inputs
	2024	(Level 1)	(Level 2)	(Level 3)	2024	(Level 1)	2024	(Level 1)	(Level 2)	(Level 3)	(Level 1)	(Level 3)
Assets:												
Individually evaluated loans:												
Primary residential mortgage	\$ 544	\$ —	\$ —	\$ 544	\$ 15,800	\$ —	\$ —	\$ —	\$ —	\$ 15,800	\$ —	\$ —
Multifamily property	11,049	—	—	11,049	10,970	—	—	—	—	10,970	—	—
Investment commercial real estate	11,219	—	—	11,219	20,575	—	—	—	—	20,575	—	—
Commercial and industrial	20,753	—	—	20,753	604	604	604	—	—	604	—	—
Lease financing	604	—	—	604								

(In thousands)	Fair Value Measurements Using					
	Quoted					
	Prices in			Prices in		
	Active		Significant	Active		Significant
	Markets For		Other	Markets For		Significant
	Identical	Observable	Unobservable	Identical	Observable	Unobservable
	December 31,	Assets	Inputs	Inputs	Assets	Inputs
2023						(Level 1)
Assets:						
Individually evaluated loans:						
Commercial and industrial		\$ 22,947	\$ —	\$ —	\$ —	\$ 22,947
Lease financing		1,036	—	—	—	1,036

(In thousands)	Fair Value Measurements Using					
	Quoted					
	Prices in			Prices in		
	Active		Significant	Active		Significant
	Markets For		Other	Markets For		Significant
	Identical	Observable	Unobservable	Identical	Observable	Unobservable
	December 31,	Assets	Inputs	Inputs	Assets	Inputs
2023						(Level 1)
Assets:						
Individually evaluated loans:						

Assets:

Individually evaluated loans:

Commercial and industrial	\$ 22,947	\$ —	\$ —	\$ 22,947
Lease financing	1,035	—	—	1,035

The carrying amounts and estimated fair values of financial instruments at **June 30, 2024** **September 30, 2024** are as follows:

(In thousands)	Fair Value Measurements at June 30, 2024 using					Fair Value Measurements at September 30, 2024 using				
	Carrying Amount	Fair Value Measurements at June 30, 2024 using				Carrying Amount	Fair Value Measurements at September 30, 2024 using			
		Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
Financial assets										
Cash and cash equivalents	\$ 315,729	\$ 315,729	\$ —	\$ —	\$ 315,729	\$ 492,658	\$ 492,658	\$ —	\$ —	\$ 492,658
Securities available for sale	591,884	—	591,884	—	591,884	682,713	—	682,713	—	682,713
Securities held to maturity	105,013	—	90,863	—	90,863	103,158	—	92,438	—	92,438
CRA investment fund	12,971	12,971	—	—	12,971	13,445	13,445	—	—	13,445
FHLB and FRB stock	12,478	—	—	—	N/A	12,459	—	—	—	N/A
Loans held for sale, at fair value	228	—	228	—	228	561	—	561	—	561
Loans held for sale, at lower of cost or fair value	8,076	—	8,321	—	8,321	4,189	—	4,540	—	4,540
Loans, net of allowance for credit losses	5,193,010	—	—	4,965,858	4,965,858	5,244,134	—	—	5,075,349	5,075,349
Accrued interest receivable	33,534	—	3,086	30,448	33,534	31,973	—	3,112	28,861	31,973
Accrued interest receivable loan level swaps (A)	1,207	—	1,207	—	1,207	1,159	—	1,159	—	1,159
Cash flow hedges	9,461	—	9,461	—	9,461	3,970	—	3,970	—	3,970
Loan level swaps	27,633	—	27,633	—	27,633	14,297	—	14,297	—	14,297
Financial liabilities										
Deposits	\$ 5,656,206	\$ 5,119,942	\$ 533,134	\$ —	\$ 5,653,076	\$ 5,935,386	\$ 5,412,635	\$ 521,577	\$ —	\$ 5,934,212
Subordinated debt	133,417	—	—	115,757	115,757	133,489	—	—	120,402	120,402
Accrued interest payable	8,915	6,205	2,529	181	8,915	10,252	7,046	2,142	1,064	10,252
Accrued interest payable loan level swaps (B)	1,207	—	1,207	—	1,207	1,159	—	1,159	—	1,159
Cash flow hedges	109	—	109	—	109					
Loan level swap	27,633	—	27,633	—	27,633	14,297	—	14,297	—	14,297

(A) Included in other assets in the Consolidated Statement of Condition.
 (B) Included in accrued expenses and other liabilities in the Consolidated Statement of Condition.

The carrying amounts and estimated fair values of financial instruments at December 31, 2023 are as follows:

(In thousands)	Fair Value Measurements at December 31, 2023 using					
	Carrying Amount					
		Level 1	Level 2	Level 3	Total	
Financial assets						
Cash and cash equivalents	\$ 187,671	\$ 187,671	\$ —	\$ —	\$ —	\$ 187,671
Securities available for sale	550,617	—	550,617	—	—	550,617

Securities held to maturity	107,755	—	94,415	—	94,415
CRA investment fund	13,166	13,166	—	—	13,166
FHLB and FRB stock	31,044	—	—	—	N/A
Loans held for sale, at fair value	100	—	100	—	100
Loans held for sale, at lower of cost or fair value	6,695	—	7,201	—	7,201
Loans, net of allowance for loan and lease losses	5,363,437	—	—	5,294,942	5,294,942
Accrued interest receivable	30,676	—	2,868	27,808	30,676
Accrued interest receivable loan level swaps (A)	1,373	—	1,373	—	1,373
Cash flow hedges	6,814	—	6,814	—	6,814
Loan level swaps	23,826	—	23,826	—	23,826
Financial liabilities					
Deposits	\$ 5,274,114	\$ 4,702,012	\$ 567,696	\$ —	\$ 5,269,708
Short-term borrowings	403,814	—	403,814	—	403,814
Subordinated debt	133,274	—	—	111,924	111,924
Accrued interest payable	7,115	4,989	1,968	158	7,115
Accrued interest payable loan level swaps (B)	1,373	—	1,373	—	1,373
Loan level swaps	23,826	—	23,826	—	23,826

(A) Included in other assets in the Consolidated Statement of Condition.

(B) Included in accrued expenses and other liabilities in the Consolidated Statement of Condition.

9. REVENUE FROM CONTRACTS WITH CUSTOMERS

All of the Company's revenue from contracts with customers within the scope of ASC 606 is recognized within noninterest income.

The following tables present the sources of noninterest income for the periods indicated:

(In thousands)	For the Three Months Ended June 30,				For the Three Months Ended September 30,			
	2024		2023		2024		2023	
	Service charges on deposits	Overdraft fees	Interchange income	Other	Wealth management fees (A)	Loss on sale of property	Corporate advisory fee income	Other (B)
Service charges on deposits								
Overdraft fees	\$ 112	\$ 130				\$ 123	\$ 129	
Interchange income	258	309				256	283	
Other	975	881				948	907	
Wealth management fees (A)	16,419	14,252				15,150	13,975	
Loss on sale of property	(4)	—						
Corporate advisory fee income	103	15				55	85	
Other (B)	3,692	2,988				2,406	3,975	
Total noninterest other income	\$ 21,555	\$ 18,575			Total noninterest other income	\$ 18,938	\$ 19,354	

(In thousands)	For the Six Months Ended June 30,				For the Nine Months Ended September 30,			
	2024		2023		2024		2023	
	Service charges on deposits	Overdraft fees	Interchange income	Other	Wealth management fees (A)	Loss on sale of property	Corporate advisory fee income	Other (B)
Service charges on deposits								
Overdraft fees	\$ 222	\$ 263				\$ 345	\$ 392	
Interchange income	505	620				761	903	
Other	1,940	1,695				2,888	2,602	
Wealth management fees (A)	30,826	28,014				45,976	41,989	
Loss on sale of property	(4)	—				(4)	—	
Corporate advisory fee income	921	95				976	180	
Other (B)	5,846	5,947				8,252	9,922	
Total noninterest other income	\$ 40,256	\$ 36,634			Total noninterest other income	\$ 59,194	\$ 55,988	

(A) Includes investment brokerage fees.
 (B) All of the other category is outside the scope of ASC 606.

The following table presents the sources of noninterest income by operating segment for the periods indicated:

(In thousands)	For the Three Months Ended											
	June 30,			June 30,			September 30,			September 30,		
	2024			2023			2024			2023		
Revenue by Operating Segment	Banking	Management	Total									
Service charges on deposits												
Overdraft fees	\$ 112	\$ —	\$ 112	\$ 130	\$ —	\$ 130	\$ 123	\$ —	\$ 123	\$ 129	\$ —	\$ 129
Interchange income	258	—	258	309	—	309	256	—	256	283	—	283
Other	975	—	975	881	—	881	948	—	948	907	—	907
Wealth management fees (A)	—	16,419	16,419	—	14,252	14,252	—	15,150	15,150	—	13,975	13,975
Loss on sale of property	(4)	—	(4)	—	—	—						
Corporate advisory fee income	103	—	103	15	—	15	55	—	55	85	—	85
Other (B)	3,481	211	3,692	2,737	251	2,988	2,222	184	2,406	3,716	259	3,975
Total noninterest income	\$ 4,925	\$ 16,630	\$ 21,555	\$ 4,072	\$ 14,503	\$ 18,575	\$ 3,604	\$ 15,334	\$ 18,938	\$ 5,120	\$ 14,234	\$ 19,354
For the Six Months Ended												
(In thousands)	June 30,			June 30,			September 30,			September 30,		
	2024			2023			2024			2023		
	Banking	Management	Total									
Service charges on deposits												
Overdraft fees	\$ 222	\$ —	\$ 222	\$ 263	\$ —	\$ 263	\$ 345	\$ —	\$ 345	\$ 392	\$ —	\$ 392
Interchange income	505	—	505	620	—	620	761	—	761	903	—	903
Other	1,940	—	1,940	1,695	—	1,695	2,888	—	2,888	2,602	—	2,602
Wealth management fees (A)	—	30,826	30,826	—	28,014	28,014	—	45,976	45,976	—	41,989	41,989
Loss on sale of property	(4)	—	(4)	—	—	—	(4)	—	(4)	—	—	—
Corporate advisory fee income	921	—	921	95	—	95	976	—	976	180	—	180
Other (B)	5,428	418	5,846	5,234	713	5,947	7,650	602	8,252	8,950	972	9,922
Total noninterest income	\$ 9,012	\$ 31,244	\$ 40,256	\$ 7,907	\$ 28,727	\$ 36,634	\$ 12,616	\$ 46,578	\$ 59,194	\$ 13,027	\$ 42,961	\$ 55,988

(A) Includes investment brokerage fees.
 (B) All of the other category is outside the scope of ASC 606.

A description of the Company's revenue streams accounted for under ASC 606 follows:

Service charges on deposit accounts: The Company earns fees from its deposit customers for certain transaction account maintenance, and overdraft fees. Transaction-based fees, which include services such as ATM use fees, stop payment charges, statement rendering, and ACH fees, are recognized at the time the transaction is executed as that is the point in time the Company fulfills the customer's request. Account maintenance fees, which relate primarily to monthly maintenance, are earned over the course of a month, representing the period over which the Company satisfies the performance obligation. Overdraft fees are recognized at the point in time that the overdraft occurs. Service charges on deposits are withdrawn from the customer's account balance.

Interchange income: The Company earns interchange fees from debit cardholder transactions conducted through the Visa payment network. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services provided to the cardholder. Interchange income is presented gross of cardholder rewards. Cardholder rewards are included in other expenses in the statement of income. Cardholder rewards reduced interchange income for the **second** **third** quarter of 2024 by **\$4,000** **6,000** and **\$2,000** for the same quarter in 2023. Cardholder rewards reduced interchange income by **\$6,000** **12,000** and **\$4,000** **6,000** for the **six** **nine** months ended **June 30, 2024** **September 30, 2024** and 2023, respectively.

Wealth management fees (gross): The Company earns wealth management fees from its contracts with wealth management clients to manage assets for investment, and/or to transact on their accounts. These fees are primarily earned over time as the Company charges its clients on a monthly or quarterly basis in accordance with its investment advisory agreements. Fees are generally

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assessed based on a tiered scale of the market value of AUM at month end. Fees that are transaction based, including trade execution services, are recognized at the point in time that the transaction is executed (i.e. trade date).

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Investment brokerage fees (net): The Company earns fees from investment brokerage services provided to its customers by a third-party service provider. The Company receives commissions from the third-party service provider twice a month based upon customer activity for the month. The fees are recognized monthly, and a receivable is recorded until commissions are generally paid by the 15th of the following month. Because the Company (i) acts as an agent in arranging the relationship between the customer and the third-party service provider and (ii) does not control the services rendered to the customers, investment brokerage fees are presented net of related costs.

Gains/(losses) on sales of property: The Company records a gain or loss from the sale of property when control of the property transfers to the buyer, which generally occurs at the time of an executed deed. When the Company finances the sale of property to the buyer, the Company assesses whether the buyer is committed to perform its obligations under the contract and whether collectability of the transaction price is probable. Once these criteria are met, the property asset is derecognized and the gain or loss on sale is recorded upon the transfer of control of the property to the buyer. In determining the gain or loss on the sale, the Company adjusts the transaction price and related gain/(loss) on sale if a significant financing component is present. The Company recorded a loss on sale of property of \$4,000 for both the three and six nine months ended June 30, 2024, respectively. September 30, 2024.

Corporate advisory fee income: The Company provides our clients with financial advisory and underwriting services. Investment banking revenues, which includes mergers and acquisition advisory fees and private placement fees, are recorded when the performance obligation for the transaction is satisfied under the terms of each engagement. Reimbursed expenses are reported in other revenue on the statement of operations. Expenses related to investment banking are recognized as non-compensation expenses on the statement of operations. Amounts received and unearned are included on the statement of financial condition. Expenses related to investment banking deals not completed are recognized in non-compensation expenses on the statement of operations.

The Company's mergers and acquisition advisory fees generally consist of a nonrefundable up-front fee and success fee. The nonrefundable fee is recorded as deferred revenue upon receipt and recognized at a point in time when the performance obligation is satisfied, or when the transaction is deemed by management to be terminated. Management's judgment is required in determining when a transaction is considered to be terminated.

Other: All of the other income items are outside the scope of ASC 606.

10. OTHER OPERATING EXPENSES

The following table presents the major components of other operating expenses for the periods indicated:

(In thousands)	Three Months Ended				Six Months Ended	
	June 30,		June 30,		2024	2023
	2024	2023	2024	2023		
Professional and legal fees	\$ 1,693	\$ 1,179	\$ 3,055	\$ 2,524		
Trust department expense	936	915	1,874	1,879		
Telephone	397	362	792	731		
Advertising	625	706	968	1,102		
Amortization of intangible assets	272	355	544	709		
Branch/office restructure	—	—	—	175		
Other operating expenses	2,673	2,363	4,902	4,663		

Total other operating expenses	\$ 6,596	\$ 5,880	\$ 12,135	\$ 11,783
Three Months Ended				
	September 30,		September 30,	
(In thousands)	2024	2023	2024	2023
Professional and legal fees	\$ 2,014	\$ 1,619	\$ 5,069	\$ 4,143
Trust department expense	1,064	977	2,938	2,856
Telephone	390	407	1,182	1,138
Advertising	340	482	1,308	1,584
Amortization of intangible assets	272	339	816	1,048
Branch/office restructure	—	—	—	175
Other operating expenses	3,016	2,370	7,918	7,033
Total other operating expenses	\$ 7,096	\$ 6,194	\$ 19,231	\$ 17,977

11. ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS)

The following is a summary of the accumulated other comprehensive income/(loss) balances, net of tax, for the three months ended **June 30, 2024** **September 30, 2024** and 2023:

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(In thousands)			Amount		Other	
			Reclassified		Comprehensive	
			Other		From	
			Comprehensive		Accumulated	
	Balance at	Income/(Loss)	Comprehensive	Other	Three Months	
	April 1,	Before	Comprehensive	From	Ended	
	2024	Reclassifications	Income/(Loss)	Accumulated	June 30,	Balance at
	2024	2024	2024	2024	2024	2024
Net unrealized holding gain/(loss) on securities available for sale, net of tax	\$ (74,769)	\$ (419)	\$ —	\$ (419)	\$ (75,188)	
Gain/(loss) on cash flow hedges	7,009	(163)	—	(163)	6,846	
Accumulated other comprehensive gain/(loss), net of tax	\$ (67,760)	\$ (582)	\$ —	\$ (582)	\$ (68,342)	
			Other	Comprehensive	Income/(Loss)	
(In thousands)			Amount		Other	
			Reclassified		Comprehensive	
			Other		From	
			Comprehensive		Accumulated	
	Balance at	Income/(Loss)	Comprehensive	Other	Three Months	
	July 1,	Before	Comprehensive	From	Ended	
	2024	Reclassifications	Income/(Loss)	Accumulated	September 30,	Balance at
	2024	2024	2024	2024	2024	2024
Net unrealized holding gain/(loss) on securities available for sale, net of tax	\$ (75,188)	\$ 17,574	\$ 17,574	\$ 17,574	\$ (57,614)	
Gain/(loss) on cash flow hedges	6,846	(4,052)	(4,052)	(4,052)	2,794	

Accumulated other comprehensive gain/(loss),
net of tax

(in thousands)	Amount		Other		Other				
			Reclassified	Comprehensive				Comprehensive	
			Other	From	Income/(Loss)				Other
			Comprehensive	Accumulated	Three Months				Comprehensive
	Balance at	Income/(Loss)	Other	Ended	Balance at	Balance at	Income/(Loss)	Ended	Balance at
Net unrealized holding gain/(loss) on securities available for sale, net of tax	April 1, 2023	Before	Comprehensive	June 30, 2023	June 30, 2023	July 1, 2023	Before	September 30, 2023	30, September 2023
		Reclassifications	Income/(Loss)	2023	2023		Reclassifications	2023	2023
Gain/(loss) on cash flow hedges		4,806	3,274	(30)	3,244	8,050	8,050	1,331	1,331
Accumulated other comprehensive gain/(loss), net of tax		\$(67,445)	\$(522)	\$(30)	\$(552)	\$(67,997)	\$(67,997)	\$(13,656)	\$(13,656)
		\$ (67,445)	\$ (522)	\$ (30)	\$ (552)	\$ (67,997)	\$ (67,997)	\$ (13,656)	\$ (13,656)
		\$ (67,445)	\$ (522)	\$ (30)	\$ (552)	\$ (67,997)	\$ (67,997)	\$ (13,656)	\$ (13,656)
		\$ (67,445)	\$ (522)	\$ (30)	\$ (552)	\$ (67,997)	\$ (67,997)	\$ (13,656)	\$ (13,656)
		\$ (67,445)	\$ (522)	\$ (30)	\$ (552)	\$ (67,997)	\$ (67,997)	\$ (13,656)	\$ (13,656)

The following represents the reclassifications out of accumulated other comprehensive income/(loss) for the three months ended June 30, 2024 and 2023:

(in thousands)	Three Months Ended		Affected Line Item in Income Statement	
	June 30,			
	2024	2023		
Unrealized gains/(losses) on cash flow hedge derivatives:				
Reclassification adjustment for amounts included in net income	\$ —	\$ (42)	Interest Expense	
Tax effect	—	12	Income tax expense	
Total reclassifications, net of tax	\$ —	\$ (30)		

The following is a summary of the accumulated other comprehensive income/(loss) balances, net of tax, for the **six** **nine** months ended **June 30, 2024** **September 30, 2024** and 2023:

(in thousands)	Amount					Other			Amount					Other		
	Reclassified		Comprehensive			Reclassified		Comprehensive			Reclassified					
	Other		From	Income/(Loss)		Other		From	Income/(Loss)		Other					
	Comprehensive		Accumulated	Six Months		Comprehensive		Accumulated	Nine Months		Comprehensive					
	Balance at	Income/(Loss)	Other	Ended	Balance at	Balance at	Income/(Loss)	Other	Ended	Balance at	September					
January 1,		Before	Comprehensive	June 30,	June 30,	January 1,	Before	Comprehensive	September 30,	30,	September					
2024		Reclassifications	Income/(Loss)	2024	2024	2024	Reclassifications	Income/(Loss)	2024	2024	2024	September				
Net unrealized holding gain/(loss) on securities available for sale, net of tax	\$ (69,809)	\$ (5,379)	\$ —	\$ (5,379)	\$ (75,188)	\$ (69,809)	\$ 12,195	\$ —	\$ 12,195	\$ (57,614)	September					
Gain/(loss) on cash flow hedges	4,931	1,915	—	1,915	6,846	4,931	(2,137)	—	(2,137)	2,794	September					
Accumulated other comprehensive gain/(loss), net of tax	\$(64,878)	\$ (3,464)	\$ —	\$ (3,464)	\$ (68,342)	\$ (64,878)	\$ 10,058	\$ —	\$ 10,058	\$ (54,820)	September					

				Amount		Other	
				Reclassified		Comprehensive	
				Other	From	Income/(Loss)	
				Comprehensive		Six Months	
(In thousands)				Balance at	Accumulated		
				January 1, 2023	Before Reclassifications	Comprehensive Income/(Loss)	Ended June 30, 2023
				Income/(Loss)		Other	Balance at June 30, 2023
Net unrealized holding gain/(loss) on securities available for sale, net of tax				\$ (80,972)	\$ 4,925	\$ —	\$ 4,925 \$ (76,047)
Gain/(loss) on cash flow hedges				6,761	1,349	(60)	1,289 8,050
Accumulated other comprehensive gain/(loss), net of tax				\$ (74,211)	\$ 6,274	\$ (60)	\$ 6,214 \$ (67,997)

				Amount		Other	
				Reclassified		Comprehensive	
				Other	From	Income/(Loss)	
				Comprehensive		Nine Months	
(In thousands)				Balance at	Accumulated		
				January 1, 2023	Before Reclassifications	Comprehensive Income/(Loss)	Ended September 30, 2023
				Income/(Loss)		Other	Balance at September 30, 2023
Net unrealized holding gain/(loss) on securities available for sale, net of tax				\$ (80,972)	\$ (10,062)	\$ —	\$ (10,062) \$ (91,034)
Gain/(loss) on cash flow hedges				6,761	2,680	(60)	2,620 9,381
Accumulated other comprehensive gain/(loss), net of tax				\$ (74,211)	\$ (7,382)	\$ (60)	\$ (7,442) \$ (81,653)

The following represents the reclassifications out of accumulated other comprehensive income/(loss) for the ~~six~~ nine months ended **June 30, 2024** September 30, 2024 and 2023:

		Six Months Ended				Nine Months Ended			
		June 30,		Affected Line Item in Income		September 30,		Affected Line Item in Income	
		2024	2023			2024	2023		
		(In thousands)							
Unrealized gains/(losses) on cash flow hedge derivatives:									
Reclassification adjustment for amounts included in net income		\$ —	\$ (84)	Interest Expense		\$ —	\$ (84)	Interest Expense	
Tax effect		—	24	Income tax expense		—	24	Income tax expense	
Total reclassifications, net of tax		\$ —	\$ (60)			\$ —	\$ (60)		

12. DERIVATIVES

The Company utilizes interest rate swap agreements as part of its asset liability management strategy to help manage its interest rate risk position. 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.

Interest Rate Swaps Designated as Cash Flow Hedges: Interest rate swaps with a notional amount of \$360.0 million and \$310.0 million at both June 30, 2024 as of September 30, 2024 and December 31, 2023, respectively, were designated as cash flow hedges of certain interest-bearing deposits. On a quarterly basis, the Company performs a qualitative hedge effectiveness assessment. This assessment takes into consideration any adverse developments related to the counterparty's risk of default and any negative events or circumstances that affect the factors that originally enabled the Company to assess that it could reasonably support, qualitatively, an expectation that the hedging relationship was and will continue to be highly effective. As of June 30, 2024 September 30, 2024, there were no events or market conditions that would result in hedge ineffectiveness. The aggregate fair value of the swaps is recorded in other assets/liabilities with changes in fair value recorded in other comprehensive income. The amount included in accumulated other comprehensive income would be reclassified to current earnings should the hedges no longer be considered effective. The Company expects the hedges to remain fully effective during the remaining terms of the swaps.

The following table presents information about the interest rate swaps designated as cash flow hedges as of June 30, 2024 September 30, 2024 and December 31, 2023:

(Dollars in thousands)	June 30,		December 31,		September 30,		December 31,	
	2024	2023	2023	2024	2024	2023	2024	2023
Notional amount	\$ 310,000	\$ 310,000	\$ 310,000	\$ 360,000	\$ 360,000	\$ 310,000	\$ 310,000	\$ 310,000
Weighted average pay rate	2.22 %	2.22 %	2.22 %	2.29 %	2.29 %	2.22 %	2.22 %	2.22 %
Weighted average receive rate	4.14 %	4.14 %	4.14 %	4.20 %	4.20 %	4.14 %	4.14 %	4.14 %
Weighted average maturity	2.49 years	2.98 years	2.98 years	2.60 years	2.60 years	2.98 years	2.98 years	2.98 years
Unrealized gain/(loss), net	\$ 9,461	\$ 6,814	\$ 6,814	\$ 3,861	\$ 3,861	\$ 6,814	\$ 6,814	\$ 6,814
Number of contracts	12	12	12	14	14	12	12	12

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(In thousands)	June 30, 2024	
	Notional	Fair
	Amount	Value
Interest rate swaps related to interest-bearing deposits	\$ 310,000	\$ 9,461
Total included in other assets	\$ 310,000	9,461
Total included in other liabilities	—	—

(In thousands)	September 30, 2024	
	Notional	Fair
	Amount	Value
Interest rate swaps related to interest-bearing deposits	\$ 360,000	\$ 3,861
Total included in other assets	\$ 335,000	3,970
Total included in other liabilities	\$ 25,000	(109)

(In thousands)	December 31, 2023	
	Notional	Fair
	Amount	Value
Interest rate swaps related to interest-bearing deposits	\$ 310,000	\$ 6,814
Total included in other assets	310,000	6,814
Total included in other liabilities	—	—

Cash Flow Hedges

The following table presents the net gains/(losses) recorded in accumulated other comprehensive income/(loss) and the consolidated financial statements relating to the cash flow derivative instruments for the three month and six nine months ended June 30, 2024 September 30, 2024 and 2023:

(In thousands)	For the Three Months				For the Three Months			
	Ended		For the Six Months Ended June		Ended		For the Nine Months Ended	
	June 30,	30,	2024	2023	September 30,	September 30,	2024	2023
Interest rate contracts								
Gain/(loss) recognized in other comprehensive income (effective portion)	\$ (225)	\$ 4,775	\$ 2,647	\$ 2,043	\$ (5,600)	\$ 1,861	\$ (2,953)	\$ 3,904
Gain/(loss) recognized in other noninterest income	—	(42)	—	(84)	—	—	—	(84)

Net interest income recorded on these swap transactions totaled \$1.5 million and \$3.0 million for the three and **six** nine months ended **June 30, 2024** **September 30, 2024**, respectively. Net interest income recorded on these swap transactions totaled \$1.1 million and \$2.0 million for the three and **six** nine months ended **June 30, 2023** **September 30, 2023**, respectively. Net **interest** income/expense for these swap transactions is reported as a component of interest expense.

Derivatives Not Designated as Accounting Hedges

The Company offers facility specific/loan level swaps to its customers and offsets its exposure from such contracts by entering mirror image swaps with a financial institution/swap counterparty (loan level / back-to-back swap program). The customer accommodations and any offsetting swaps are treated as non-hedging derivative instruments which do not qualify for hedge accounting ("standalone derivatives"). The notional amount of the 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 contracts. The fair value of the swaps is recorded as both an asset and a liability, in other assets and other liabilities, respectively, in equal amounts for these transactions.

The accrued interest receivable and payable related to these swaps of \$1.2 million and \$1.4 million at **June 30, 2024** **September 30, 2024** and December 31, 2023, respectively, is recorded in other assets and other liabilities.

Information about these swaps is as follows:

(Dollars in thousands)	June 30,		December 31,		September 30,		December 31,	
	2024	2023	2024	2023	2024	2023	2024	2023
Notional amount	\$ 498,763	\$ 545,983	\$ 466,777	\$ 545,983				
Fair value	\$ (26,426)	\$ (22,452)	\$ (13,138)	\$ (22,452)				
Weighted average pay rates	3.92 %	3.95 %	3.91 %	3.95 %				
Weighted average receive rates	7.04 %	7.09 %	6.90 %	7.09 %				
Weighted average maturity	3.67 years	3.93 years	3.64 years	3.93 years				
Number of contracts	65	71	60	71				

13. SUBORDINATED DEBT

In December 2017, the Company issued \$35.0 million in aggregate principal amount of fixed-to-floating subordinated notes (the "2017 Notes") to certain institutional investors. The 2017 Notes are non-callable for five years, have a stated maturity of December 15, 2027, and had a fixed interest rate of 4.75 percent until December 15, 2022. From December 16, 2022 to the maturity date or early redemption date, the interest rate will reset quarterly to a level equal to the then current three-month London Interbank Offered Rate ("LIBOR") rate plus 254 basis points, payable quarterly in arrears (which was **8.13** **8.14** percent at **June 30, 2024** **September 30, 2024**). Debt issuance costs incurred totaled \$875,000 and are being amortized to maturity.

In December 2020, the Company issued \$100.0 million in aggregate principal amount of fixed-to-floating subordinated notes (the "2020 Notes") to certain institutional investors. The 2020 Notes are non-callable for five years, have a stated maturity of December 22, 2030, and bear interest at a fixed rate of 3.50 percent until December 22, 2025. From December 23, 2025 to the maturity date or early redemption date, the interest rate will reset quarterly to a level equal to the then current three-month Secured Overnight Financing Rate ("SOFR") plus 326 basis points, payable quarterly in arrears. Debt issuance costs incurred totaled \$1.9 million and are being amortized to maturity.

Subordinated debt is presented net of issuance costs on the Consolidated Statements of Condition. The subordinated debt issuances are included in the Company's regulatory total capital amount and ratio.

14. LEASES

The Company maintains certain property and equipment under direct financing and operating leases. As of **June 30, 2024** **September 30, 2024**, the Company's operating lease ROU asset and operating lease liability totaled **\$38.7** **\$41.7** million and **\$41.3** **\$44.8** million, respectively. As of December 31, 2023, the Company's operating lease ROU asset and operating lease liability totaled \$12.1 million and \$12.9 million, respectively. The increase in the Company's operating lease liability and ROU asset was primarily due to the modification of the existing lease on the main office which had an operating lease liability balance of **\$19.3** **\$19.0** million and an ROU asset balance of **\$18.4** **\$18.2** million as of **June 30, 2024** **September 30, 2024**. Additionally, the Company executed a lease for our New York City location, which resulted in an operating lease liability of **\$10.8** **\$15.0** million and an ROU asset of **\$9.7** **\$13.4** million as of **June 30, 2024** **September 30, 2024**. A weighted average discount rate of **4.33** **4.39** percent and 2.72 percent was used in the measurement of the ROU asset and lease liability as of **June 30, 2024** **September 30, 2024** and December 31, 2023, respectively.

The Company's leases have remaining lease terms between two months to **13** **12** years, with a weighted average lease term of **9.74** **9.46** years at **June 30, 2024** **September 30, 2024**. The Company's leases had remaining lease terms between four months to 13 years, with a weighted average lease term of 6.75 years at December 31, 2023. The Company's lease agreements may include options to extend or terminate the lease. The Company's decision to exercise renewal options is based on an assessment of its current business needs and market factors at the time of the renewal.

Total operating lease costs were **\$1.4** **\$1.7** million and **\$822,000** **792,000** for the three months ended **June 30, 2024** **September 30, 2024** and 2023, respectively. The variable lease costs were **\$93,000** **\$104,000** and **\$70,000** **\$58,000** for the three months ended **June 30, 2024** **September 30, 2024** and 2023, respectively.

Total operating lease costs were **\$2.3** **\$4.0** million and **\$1.6** **\$2.4** million for the **six** **nine** months ended **June 30, 2024** **September 30, 2024** and 2023, respectively. The variable lease costs were **\$159,000** **\$262,000** and **\$142,000** **\$200,000** for the **six** **nine** months ended **June 30, 2024** **September 30, 2024** and 2023, respectively.

The following is a schedule of the Company's operating lease liabilities by contractual maturity as of **June 30, 2024** **September 30, 2024**:

(In thousands)		
2024	2,463	1,282
2025	5,727	6,162
2026	5,556	6,173
2027	5,222	5,839
2028	5,042	5,659
Thereafter	27,293	30,195
Total lease payments	51,303	55,310
Less: imputed interest	9,956	10,535
Total present value of lease payments	<u>\$ 41,347</u>	<u>\$ 44,775</u>

The following table shows the supplemental cash flow information related to the Company's direct finance and operating leases for the periods indicated:

(In thousands)	For the Six Months Ended June 30,	
	2024	2023
Right-of-use asset obtained in exchange for lease obligation	\$ 28,321	\$ 1,926
Operating cash flows from operating leases	1,887	1,471
Operating cash flows from direct finance leases	60	103
Financing cash flows from direct finance leases	273	374

(In thousands)	For the Nine Months Ended September 30,	
	2024	2023
Right-of-use asset obtained in exchange for lease obligation	\$ 32,483	\$ 1,926
Operating cash flows from operating leases	3,108	2,184
Operating cash flows from direct finance leases	74	149
Financing cash flows from direct finance leases	308	561

15. ACCOUNTING PRONOUNCEMENTS

In October 2023, the FASB issued ASU 2023-06, *Disclosure Improvements: Codification Amendments In Response to the SEC's Disclosure Update and Simplification Initiative* to clarify or improve disclosure and presentation requirements on a variety of topics and align the requirements in the FASB accounting standard codification with the Securities and Exchange Commission ("SEC") regulations. The amendments will be effective for the Company only if the SEC removes the related disclosure requirement from its existing regulations no later than June 30, 2027. If the SEC timely removes such a related requirement from its existing regulations, the corresponding amendments within the ASU will become effective for the Company on the same date with early adoption permitted. The Company does not expect the amendments in this update to have a material impact on our consolidated financial statements.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting - Improvements to Reportable Segment Disclosures (Topic 280)*, to improve reportable segment disclosure requirements through enhanced disclosures about significant segment and interim periods with fiscal years beginning after December 15, 2024 with early adoption permitted. The Company does not expect this ASU to have a material effect on our consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, *Income Tax - Improvements to Income Tax Disclosures (Topic 740)*, which requires reporting companies to break out their income tax expense and tax rate reconciliation in more detail. For public companies, the requirements will become effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company does not expect this ASU to have a material effect on our consolidated financial statements.

In March 2024, the FASB issued ASU No. 2024-01, *Compensation-Stock Compensation (Topic 718): Scope Applications of Profits Interests and Similar Awards*. ASU 2024-01 adds an example to Topic 718 which illustrates how to apply the scope guidance to determine whether profits interest and similar awards should be accounted for as share-based payment arrangements under Topic 718 or under other U.S. GAAP. ASU 2024-01 is effective for annual periods beginning after December 15, 2024, although early adoption is permitted. Upon adoption of ASU 2024-01, the Company does not expect this ASU to have an impact on our consolidated financial statements.

Item 2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD LOOKING STATEMENTS: This Quarterly Report on Form 10-Q may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are not historical facts and include expressions about Management's confidence and strategies and Management's expectations about operations, growth, financial results, new and existing programs and products, investments, relationships, opportunities and market conditions. These statements may be identified by such forward-looking terminology as "expect", "look", "believe", "anticipate", "may", or similar statements or variations of such terms. Actual results may differ materially from such forward-looking statements. Factors that may cause results to differ materially from those contemplated by such forward-looking statements include, among others, those risk factors identified in the Company's Form 10-K for the year ended December 31, 2023, in addition to/which include the following:

- our ability to successfully grow our business and implement our strategic plan, including our ability to generate revenues to offset the increased personnel and other costs related to the strategic plan;
- the impact of anticipated higher operating expenses in 2024 and beyond;
- our ability to successfully integrate wealth management firm and team acquisitions;
- our ability to successfully integrate our expanded employee base;
- an unexpected decline in the economy, in particular in our New Jersey and New York market areas, including potential recessionary conditions;
- declines in our net interest margin caused by the interest rate environment and/or our highly competitive market;
- declines in the value in our investment portfolio;
- impact from a pandemic event on our business, operations, customers, allowance for credit losses and capital levels;
- higher than expected increases in our allowance for credit losses;
- higher than expected increases in credit losses or in the level of delinquent, nonperforming, classified and criticized loans or charge-offs;
- inflation and changes in interest rates, which may adversely impact our margins and yields, reduce the fair value of our financial instruments, reduce our loan originations and lead to higher operating costs;
- decline in real estate values within our market areas;
- legislative and regulatory actions (including the impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Basel III and related regulations) that may result in increased compliance costs;
- successful cyberattacks against our IT infrastructure and that of our IT and third-party providers;
- higher than expected FDIC insurance premiums;
- adverse weather conditions;

- the current or anticipated impact of military conflict, terrorism or other geopolitical events;
- our inability to successfully generate new business in new geographic markets, including our expansion into New York City;
- a reduction in the availability of lower-cost funding sources;
- changes in liquidity, including the size and composition of our deposit portfolio and the percentage of uninsured deposits in the portfolio;
- our inability to adapt to technological changes;
- claims and litigation pertaining to fiduciary responsibility, environmental laws and other matters;
- our inability to retain key employees;
- demand for loans and deposits in our market areas;
- adverse changes in securities markets;
- changes in New York City rent regulation law;
- changes in governmental regulation, including, but not limited to, any increase in FDIC insurance premiums and changes in the monetary policies of the U.S. Treasury and Board of Governors of the Federal Reserve System;
- changes in accounting policies and practices; and/or
- other unexpected material adverse changes in our **financial condition, operations or earnings.**

Except as may be required by applicable law or regulation, the Company undertakes no duty to update any forward-looking statements to conform the statement to actual results or change in the Company's expectations. Although we believe that the expectations reflected in the forward-looking statements are reasonable, the Company cannot guarantee future results, levels of activity, performance, or achievements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES: Management's Discussion and Analysis of Financial Condition and Results of Operations is based upon the Company's consolidated financial statements, which have been prepared in accordance

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with GAAP. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Note 1 to the Company's Audited Consolidated Financial Statements for the year ended December 31, 2023 contains a summary of the Company's significant accounting policies.

The Company's determination of the allowance for credit losses involves a higher degree of complexity and requires Management to make difficult and subjective judgments, which often require assumptions or estimates about highly uncertain matters. Changes in the methodology for determining the allowance for credit losses or in these judgments, assumptions or estimates could materially impact results of operations. This critical policy and its application are periodically reviewed with the Audit Committee and the Board of Directors.

On January 1, 2022, the Company adopted ASU 2016-13 (*Topic 326*), which replaced the incurred loss methodology with CECL for financial instruments measured at amortized cost and other commitments to extend credit. The allowance for credit losses is a valuation allowance for Management's estimate of expected credit losses in the loan portfolio. The process to determine expected credit losses utilizes analytic tools and Management judgment and is reviewed on a quarterly basis. When Management is reasonably certain that a loan balance is not fully collectable, an analysis is completed whereby a specific reserve may be established or a full or partial charge off is recorded against the allowance. Subsequent recoveries, if any, are credited to the allowance. Management estimates the allowance balance via a quantitative analysis which considers available information from internal and external sources related to past loan loss and prepayment experience and current economic conditions, as well as the incorporation of reasonable and supportable forecasts. Management evaluates a variety of factors including available published economic information in arriving at its forecast. Expected credit losses are estimated over the contractual term of the loans, adjusted for expected prepayments when appropriate. Also included in the allowance for credit losses are qualitative reserves that are expected, but, in the Management's assessment, may not be adequately represented in the quantitative analysis or the forecasts described above. Factors may include changes in lending policies and procedures, size and composition of the portfolio, experience and depth of Management and the effect of external factors such as competition, legal and regulatory requirements, among others. The allowance is available for any loan that, in Management's judgment, should be charged off.

Although Management uses the best information available, the level of the allowance for credit losses remains an estimate, which is subject to significant judgment and short-term change. Various regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for credit losses. Such agencies may require the Company to make additional provisions for credit losses based upon information available to them at the time of their examination. Furthermore, the majority of the Company's loans are secured by real estate in New Jersey and, to a lesser extent, New York City. Accordingly, the collectability of a substantial portion of the carrying value of the Company's loan portfolio is susceptible to changes in local market conditions and any adverse economic conditions. Future adjustments to the provision for credit losses and the allowance for credit losses may be necessary due to economic, operating, regulatory and other conditions beyond the Company's control.

The Company accounts for its debt securities in accordance with ASC 320, "Investments - Debt Securities" and its equity security in accordance with ASC 321, "Investments - Equity Securities." All securities classified as available for sale are carried at fair value, with unrealized holding gains and losses reported in other comprehensive income/(loss), net of tax. Securities classified as held to maturity are carried at amortized cost. The Company's investment in a CRA investment fund is classified as an equity security. In accordance with ASU 2016-01, "Financial Instruments" unrealized holding gains and losses for equity securities are marked to market through the income statement.

EXECUTIVE SUMMARY: The following table presents certain key aspects of our performance for the three months ended **June 30, 2024** September 30, 2024 and 2023.

(Dollars in thousands, except per share data)	For the Three Months Ended June 30,			Change		For the Three Months Ended September 30,			Change	
	2024		2023	2024 vs 2023		2024		2023	2024 vs 2023	
Results of Operations:										
Interest income	\$ 79,238	\$ 74,852	\$ 4,386	\$ 83,203	\$ 78,489	\$ 4,714				
Interest expense	44,196	35,931	8,265	45,522	41,974	3,548				
Net interest income	35,042	38,921	(3,879)	37,681	36,515	1,166				
Wealth management fee income	16,419	14,252	2,167	15,150	13,975	1,175				
Other income	5,136	4,323	813	3,788	5,379	(1,591)				
Total other income	21,555	18,575	2,980	18,938	19,354	(416)				
Total revenue	56,597	57,496	(899)							
Total revenue (net interest income + total other income)	56,619	55,869	750							
Operating expense	43,126	37,692	5,434	44,649	37,413	7,236				
Pretax income before provision for credit losses	13,471	19,804	(6,333)	11,970	18,456	(6,486)				
Provision for credit losses	3,911	1,696	2,215	1,224	5,856	(4,632)				
Pretax income	9,560	18,108	(8,548)	10,746	12,600	(1,854)				
Income tax expense	2,030	4,963	(2,933)	3,159	3,845	(686)				
Net income	\$ 7,530	\$ 13,145	\$ (5,615)	\$ 7,587	\$ 8,755	\$ (1,168)				
Diluted average shares outstanding	17,792,296	18,078,848	(286,552)	17,700,042	18,010,127	(310,085)				
Diluted earnings per share	\$ 0.42	\$ 0.73	\$ (0.31)	\$ 0.43	\$ 0.49	\$ (0.06)				
Return on average assets annualized ("ROAA")	0.47%	0.82%	(0.35)%	0.46%	0.54%	(0.08)%				
Return on average equity annualized ("ROAE")	5.22	9.43	(4.21)	5.12	6.20	(1.08)				

The following table presents certain key aspects of our performance for the **six** nine months ended **June 30, 2024** September 30, 2024 and 2023.

(Dollars in thousands, except per share data)	For the Six Months Ended			For the Nine Months Ended		
	June 30,		Change	September 30,		Change
	2024	2023	2024 vs 2023	2024	2023	2024 vs 2023
Results of Operations:						
Interest income	\$ 158,432	\$ 145,343	\$ 13,089	\$ 241,635	\$ 223,832	\$ 17,803
Interest expense	89,015	62,444	26,571	134,537	104,418	30,119
Net interest income	69,417	82,899	(13,482)	107,098	119,414	(12,316)
Wealth management fee income	30,826	28,014	2,812	45,976	41,989	3,987
Other income	9,430	8,620	810	13,218	13,999	(781)
Total other income	40,256	36,634	3,622	59,194	55,988	3,206
Total revenue	109,673	119,533	(9,860)			
Total revenue (net interest income + total other income)	166,292	175,402	(9,110)			

Operating expense	83,167	73,266	9,901	127,816	110,679	17,137
Pretax income before provision for credit losses	26,506	46,267	(19,761)	38,476	64,723	(26,247)
Provision for loan and lease losses	4,538	3,209	1,329	5,762	9,065	(3,303)
Pretax income	21,968	43,058	(21,090)	32,714	55,658	(22,944)
Income tax expense	5,807	11,558	(5,751)	8,966	15,403	(6,437)
Net income	\$ 16,161	\$ 31,500	\$ (15,339)	\$ 23,748	\$ 40,255	\$ (16,507)
Diluted average shares outstanding	17,811,895	18,153,267	(341,372)	17,746,560	18,091,524	(344,964)
Diluted earnings per share	\$ 0.91	\$ 1.74	\$ (0.83)	\$ 1.34	\$ 2.23	\$ (0.89)
Return on average assets annualized (ROAA)	0.51 %	0.99 %	(0.48) %	0.49 %	0.84 %	(0.35) %
Return on average equity annualized (ROAE)	5.58	11.44	(5.86)	5.42	9.66	(4.24)

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	June 30,	December 31,	Change
	2024	2023	2024 vs 2023
Selected Balance Sheet Ratios:			
Total capital (Tier I + II) to risk-weighted assets	15.50 %	14.95 %	0.55 %
Tier I leverage ratio	9.45	9.19	0.26
Loans to deposits	93.01	102.94	(9.93)
Allowance for credit losses to total loans	1.29	1.21	0.08
Allowance for credit losses to nonperforming loans	82.83	107.44	(24.61)
Nonperforming loans to total loans	1.56	1.13	0.43
	September 30,	December 31,	Change
	2024	2023	2024 vs 2023
Selected Balance Sheet Ratios:			
Total capital (Tier I + II) to risk-weighted assets	15.19 %	14.95 %	0.24 %
Tier I leverage ratio	9.33	9.19	0.14
Loans to deposits	89.55	102.94	(13.39)
Allowance for credit losses to total loans	1.34	1.21	0.13
Allowance for credit losses to nonperforming loans	88.60	107.44	(18.84)
Nonperforming loans to total loans	1.51	1.13	0.38

For the quarter ended **June 30, 2024** **September 30, 2024**, the Company recorded total revenue of **\$56.6 million** **\$10.7 million**, net income of **\$7.5 million** **\$7.6 million** and diluted earnings per share of **\$0.42** **\$0.43**, compared to revenue of **\$57.5 million** **\$55.9 million**, pretax income of **\$18.1 million** **\$12.6 million**, net income of **\$13.1 million** **\$8.8 million** and diluted earnings per share of **\$0.73** **\$0.49** for the same period last year **year**.

For the **six** **nine** months ended **June 30, 2024** **September 30, 2024**, the Company recorded total revenue of **\$109.7 million** **\$166.3 million**, pretax income of **\$22.0 million** **\$32.7 million**, net income of **\$16.2 million** **\$23.7 million** and diluted earnings per share of **\$0.91** **\$1.34**, compared to revenue of **\$119.5 million** **\$175.4 million**, pretax income of **\$43.1 million** **\$55.7 million**, net income of **\$31.5 million** **\$40.3 million** and diluted earnings per share of **\$1.74** **\$2.23** for the same period last **year** **year**.

During **the second quarter of** **2024**, the Company **hired thirteen commercial** **expanded into the metro New York market, leading with our "Single Point of Contact" private banking** **teams and opened a retail branch in New York City on Park Avenue. These new teams, along with the teams hired in 2023, have demonstrated** **strategy, which continues to**

demonstrate progress and positive momentum expanding into New York City. momentum. Increasing deposits through the growth of core deposit relationships has enabled us to repay all short-term borrowings, which enhances our liquidity position and improves net interest margin.

The decrease in net income for both the three and **six** **nine** month 2024 periods when compared to the same 2023 periods was principally driven by the Company's decreased net interest income due to net interest margin contraction, as a result of higher deposit and borrowings rates. Clients continue to migrate out of noninterest-bearing checking products and lower-yielding savings accounts and into higher rate products, which has led to intense competition for deposit balances from other banks and alternative investment opportunities. The Company has seen positive momentum in net interest margin as a result of paying down overnight borrowings with core deposit growth at a lower cost. Cycle to date betas are approximately 53 percent during which time the Target Federal Funds rate increased by 525 basis points. Other income and wealth management fee income continue to be a consistent and steady revenue stream for the Company. Operating expenses, increased for both 2024 periods when compared to their respective prior periods which was principally attributable to the Company's expansion into New York City and expanding our unique private banking model that offers a single point of contact. contact for all banking services. The decrease in net income for the nine month 2024 period when compared to the same 2023 period was also driven by the Company's decreased net interest income due to net interest margin contraction, as a result of higher deposit and borrowings rates. The Company has seen positive momentum in net interest margin during the second and third quarters of 2024, as a result of paying down overnight borrowings with core deposit growth at a lower cost. During 2024, deposits grew \$661.3 million, which included \$122.2 million in noninterest-bearing demand deposits. Other income and wealth management fee income continue to be a consistent and steady revenue stream for the Company.

OFF-BALANCE SHEET ARRANGEMENTS: For a discussion of our off-balance sheet arrangements, see the information set forth in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2023 under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations – Off-Balance Sheet Arrangements and Aggregate Contractual Obligations."

EARNINGS ANALYSIS

NET INTEREST INCOME ("NII") / NET INTEREST MARGIN ("NIM") / AVERAGE BALANCE SHEET:

The primary source of the Company's operating income is net interest income, which is the difference between interest and dividends earned on **earning** **interest-earning** assets and fees earned on loans, and interest paid on interest-bearing liabilities. Earning assets include loans, investment securities, interest-earning deposits and federal funds sold. Interest-bearing liabilities include interest-bearing checking, savings and time deposits, Federal Home Loan Bank advances, subordinated debt and other borrowings. Net interest income is determined by the difference between the average yields earned on earning assets and the average cost of interest-bearing liabilities ("net interest spread") and the relative amounts of earning assets and interest-bearing liabilities. Net interest margin is net interest income as a percent of total interest-earning assets on an annualized basis. The Company's net interest income, spread and margin are affected by regulatory, economic and competitive factors that influence interest rates, loan demand and deposit flows and general levels of nonperforming assets.

The following table summarizes the loans that the Company closed during the periods indicated:

(In thousands)	For the Three Months Ended		For the Three Months Ended	
	June 30,		September 30,	
	2024	2023	2024	2023
Residential mortgage loans originated for portfolio	\$ 16,087	\$ 39,358	\$ 26,955	\$ 21,310
Residential mortgage loans originated for sale	2,361	1,072	1,853	2,503
Total residential mortgage loans	18,448	40,430	28,808	23,813
Commercial real estate loans	2,600	43,235	4,300	3,900
Multifamily	4,330	26,662	11,295	3,000
C&I loans (A) (B)	103,065	158,972	242,829	176,845
Small business administration	8,200	13,713	9,106	300
Wealth lines of credit (A)	10,950	3,950	11,675	6,875
Total commercial loans	129,145	246,532	279,205	190,920

Installment loans	1,664	4,587	8,137	6,999
Home equity lines of credit (A)	4,787	6,107	10,421	6,275
Total loans closed	\$ 154,044	\$ 297,656	\$ 326,571	\$ 228,007

(In thousands)	For the Six Months Ended		For the Nine Months Ended	
	June 30,		September 30,	
	2024	2023	2024	2023
Residential mortgage loans originated for portfolio	\$ 27,748	\$ 69,661	\$ 54,703	\$ 90,971
Residential mortgage loans originated for sale	6,386	2,549	8,239	5,052
Total residential mortgage loans	34,134	72,210	62,942	96,023
Commercial real estate loans	14,100	62,225	18,400	66,125
Multifamily	6,230	56,812	17,525	59,812
C&I loans (A) (B)	248,868	366,786	491,697	543,631
Small business administration	10,990	23,663	20,096	23,963
Wealth lines of credit (A)	14,800	27,175	26,475	34,050
Total commercial loans	294,988	536,661	574,193	727,581
Installment loans	8,532	16,673	16,669	23,672
Home equity lines of credit (A)	6,890	9,028	17,311	15,303
Total loans closed	\$ 344,544	\$ 634,572	\$ 671,115	\$ 862,579

(A) Includes loans and lines of credit that closed in the period but were not necessarily funded.

(B) Includes equipment finance leases and loans.

At **June 30, 2024** **September 30, 2024**, December 31, 2023 and **June 30, 2023** **September 30, 2023**, the Bank had a concentration in commercial real estate ("CRE") loans as defined by applicable regulatory guidance as follows:

	June 30,	December 31,	June 30,	September 30,	December 31,	September 30,
	2024	2023	2023	2024	2023	2023
Multifamily real estate loans as a percent of total regulatory capital of the Bank	230 %	238 %	248 %	226 %	238 %	243 %
Non-owner occupied commercial real estate loans as a percent of total regulatory capital of the Bank	130	137	137	124	137	137
Total CRE concentration	360 %	375 %	385 %	350 %	375 %	380 %

The Bank Total CRE concentration as a percentage of regulatory capital continues to steadily decline. Management believes it satisfactorily addresses the key elements in the risk management framework laid out by its regulators for the effective management of CRE concentration risks.

The following table reflects the components of the average balance sheet and of net interest income for the periods indicated:

Average Balance Sheet
Unaudited
Three Months Ended

(Dollars in thousands)	June 30, 2024			June 30, 2023			September 30, 2024			September 30, 2023		
	Average			Average			Average			Average		
	Balance	Income/Expense	Annualized Yield									
ASSETS:												
Interest-earning assets:												
Investments:												
Taxable (A)	\$ 801,715	\$ 5,168	2.58 %	\$ 806,447	\$ 4,900	2.43 %	\$ 865,892	\$ 6,107	2.82 %	\$ 806,861	\$ 5,170	2.56 %
Tax-exempt (A) (B)	—	—	—	1,858	20	4.31	—	—	—	1,198	11	3.67
Loans (B) (C):												
Residential mortgages	576,944	5,582	3.87	557,575	4,942	3.55	579,949	5,834	4.02	580,951	5,208	3.59
Commercial mortgages	2,420,570	26,881	4.44	2,504,268	26,839	4.29	2,381,771	27,362	4.60	2,502,351	27,746	4.44
Commercial construction	2,191,370	37,067	6.77	2,241,817	35,457	6.33	2,159,648	37,588	6.96	2,298,723	37,357	6.50
Installment	21,628	489	9.04	6,977	165	9.46	22,371	507	9.07	12,346	282	9.14
Home equity	67,034	1,143	6.82	51,269	841	6.56	73,440	1,267	6.90	56,248	967	6.88
Other	36,576	748	8.18	33,650	633	7.52	38,768	814	8.40	34,250	680	7.94
Total loans	200	6	12.00	271	7	10.33	239	6	10.04	234	7	11.97
	<u>5,314,322</u>	<u>71,916</u>	<u>5.41</u>	<u>5,395,827</u>	<u>68,884</u>	<u>5.11</u>	<u>5,256,186</u>	<u>73,378</u>	<u>5.58</u>	<u>5,485,103</u>	<u>72,247</u>	<u>5.27</u>
Federal funds sold	—	—	—	—	—	—	—	—	—	—	—	—
Interest-earning deposits	207,287	2,418	4.67	141,968	1,451	4.09	326,707	3,982	4.88	136,315	1,463	4.29
Total interest-earning assets	<u>6,323,324</u>	<u>79,502</u>	<u>5.03 %</u>	<u>6,346,100</u>	<u>75,255</u>	<u>4.74 %</u>	<u>6,448,785</u>	<u>83,467</u>	<u>5.18 %</u>	<u>6,429,477</u>	<u>78,891</u>	<u>4.91 %</u>
Noninterest-earning assets:												
Cash and due from banks	7,537			7,800			7,521			6,954		
Allowance for credit losses	(67,568)			(63,045)			(70,317)			(63,625)		
Premises and equipment	24,820			23,745			25,530			23,880		
Other assets	99,838			85,969			139,042			85,582		
Total noninterest-earning assets	<u>64,627</u>			<u>54,469</u>			<u>101,776</u>			<u>52,791</u>		
Total assets	<u>\$ 6,387,951</u>			<u>\$ 6,400,569</u>			<u>\$ 6,550,561</u>			<u>\$ 6,482,268</u>		
LIABILITIES:												
Interest-bearing deposits:												
Checking	\$ 3,094,386	\$ 29,252	3.78 %	\$ 2,834,140	\$ 22,219	3.14 %	\$ 3,214,186	\$ 31,506	3.92 %	\$ 2,813,080	\$ 24,318	3.46 %
Money markets	791,385	6,016	3.04	788,745	3,853	1.95	833,325	6,419	3.08	771,781	4,458	2.31
Savings	105,825	96	0.36	125,555	45	0.14	104,293	117	0.45	118,718	75	0.25
Certificates of deposit - retail	504,313	5,367	4.26	385,211	2,462	2.56	512,794	5,540	4.32	415,665	3,459	3.33
Subtotal interest-bearing deposits	<u>4,495,909</u>	<u>40,731</u>	<u>3.62</u>	<u>4,133,651</u>	<u>28,579</u>	<u>2.77</u>	<u>4,664,598</u>	<u>43,582</u>	<u>3.74</u>	<u>4,119,244</u>	<u>32,310</u>	<u>3.14</u>
Interest-bearing demand - brokered	10,000	134	5.36	10,000	125	5.00	10,000	134	5.36	10,000	136	5.44
Certificates of deposit - brokered	98,642	1,242	5.04	26,165	196	3.00	7,913	106	5.36	102,777	1,183	4.60
Total interest-bearing deposits	<u>4,604,551</u>	<u>42,107</u>	<u>3.66</u>	<u>4,169,816</u>	<u>28,900</u>	<u>2.77</u>	<u>4,682,511</u>	<u>43,822</u>	<u>3.74</u>	<u>4,232,021</u>	<u>33,629</u>	<u>3.18</u>

FHLB advances and borrowings	27,247	381	5.59	413,961	5,384	5.20	—	—	—	470,616	6,569	5.58	
Finance lease liabilities	2,869	22	3.07	4,187	50	4.78	1,401	15	4.28	3,863	46	4.76	
Subordinated debt	133,377	1,686	5.06	133,090	1,597	4.80	133,449	1,685	5.05	133,163	1,730	5.20	
Total interest-bearing liabilities	4,768,044	44,196	3.71 %	4,721,054	35,931	3.04 %	4,817,361	45,522	3.78 %	4,839,663	41,974	3.47 %	
Noninterest-bearing liabilities:													
Demand deposits	945,231			1,033,176			1,016,014			990,854			
Accrued expenses and other liabilities	97,470			88,911			124,399			86,598			
Total noninterest-bearing liabilities	1,042,701			1,122,087			1,140,413			1,077,452			
Shareholders' equity	577,206			557,428			592,787			565,153			
Total liabilities and shareholders' equity	\$ 6,387,951			\$ 6,400,569			\$ 6,550,561			\$ 6,482,268			
Net interest income (tax-equivalent basis)	\$ 35,306			\$ 39,324			\$ 37,945			\$ 36,917			
Net interest spread		1.32 %			1.70 %			1.40 %			1.44 %		
Net interest margin (D)		2.25 %			2.49 %			2.34 %			2.28 %		
Tax equivalent adjustment	\$ (264)			\$ (403)			\$ (264)			\$ (402)			
Net interest income	Net interest income				Net interest income			\$ 37,681			\$ 36,515		
	\$ 35,042			\$ 38,921									

(A) Average balances for available for sale securities are based on amortized cost.
 (B) Interest income is presented on a tax-equivalent basis using a 21 percent federal tax rate.
 (C) Loans are stated net of unearned income and include nonaccrual loans.
 (D) Net interest income on a tax-equivalent basis as a percentage of total average interest-earning assets.

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Average Balance Sheet

Unaudited

Six Nine Months Ended

(Dollars in thousands)	June 30, 2024			June 30, 2023			September 30, 2024			September 30, 2023		
	Average	Income/	Annualized	Average	Income/	Annualized	Average	Income/	Annualized	Average	Income/	Annualized
	Balance	Expense	Yield	Balance	Expense	Yield	Balance	Expense	Yield	Balance	Expense	Yield
ASSETS:												
Interest-earning assets:												
Investments:												
Taxable (A)	\$ 797,695	\$ 10,304	2.58 %	\$ 798,828	\$ 9,371	2.35 %	\$ 820,594	\$ 16,411	2.67 %	\$ 801,535	\$ 14,541	2.42 %
Tax-exempt (A)	—	—	—	1,861	38	4.08	—	—	—	1,637	49	3.99
Loans (B) (C):												
Residential mortgages	577,296	11,001	3.81	543,650	9,225	3.39	578,187	16,836	3.88	556,220	14,433	3.46

Commercial mortgages	2,440,487	54,422	4.46	2,491,527	52,756	4.23	2,420,772	81,783	4.50	2,495,175	80,503	4.30
Commercial construction	2,215,762	74,626	6.74	2,221,921	68,827	6.20	2,196,921	112,214	6.81	2,247,803	106,182	6.30
Installment	20,278	917	9.04	5,644	253	8.97	20,981	1,425	9.06	7,903	536	9.04
Home equity	66,161	2,257	6.82	45,638	1,450	6.35	68,605	3,524	6.85	49,214	2,416	6.55
Other	36,491	1,485	8.14	33,744	1,223	7.25	37,255	2,298	8.22	33,914	1,903	7.48
Total loans	207	13	12.56	273	14	10.26	218	19	11.62	260	22	11.28
Federal funds sold	5,356,682	144,721	5.40	5,342,397	133,748	5.01	5,322,939	218,099	5.46	5,390,489	205,995	5.10
Interest-earning deposits	—	—	—	—	—	—	—	—	—	—	—	—
Total interest-earning assets	173,692	3,940	4.54	152,538	2,989	3.92	225,070	7,922	4.69	147,071	4,452	4.04
Noninterest-earning assets:	6,328,069	158,965	5.02 %	6,295,624	146,146	4.64 %	6,368,603	242,432	5.08 %	6,340,732	225,037	4.73 %
Cash and due from banks	8,821			9,117			8,384			8,388		
Allowance for loan and lease losses	(67,336)			(62,310)			(68,337)			(62,753)		
Premises and equipment	24,607			23,835			24,917			23,850		
Other assets	94,044			86,288			109,152			76,992		
Total noninterest-earning assets	60,136			56,930			74,116			46,477		
Total assets	\$ 6,388,205			\$ 6,352,554			\$ 6,442,719			\$ 6,387,209		
LIABILITIES:												
Interest-bearing deposits:												
Checking	\$ 3,024,541	\$ 56,686	3.75 %	\$ 2,701,519	\$ 38,700	2.87 %	\$ 3,088,218	\$ 88,192	3.81 %	\$ 2,739,115	\$ 63,018	3.07 %
Money markets	774,569	11,540	2.98	955,470	8,726	1.83	794,297	17,959	3.01	893,567	13,185	1.97
Savings	107,164	185	0.35	133,377	74	0.11	106,200	302	0.38	128,437	148	0.15
Certificates of deposit - retail	491,053	10,222	4.16	371,657	4,191	2.26	498,353	15,762	4.22	386,488	7,650	2.64
Subtotal interest-bearing deposits	4,397,327	78,633	3.58	4,162,023	51,691	2.48	4,487,068	122,215	3.63	4,147,607	84,001	2.70
Interest-bearing demand - brokered	10,000	260	5.20	18,011	333	3.70	10,000	394	5.25	15,311	469	4.08
Certificates of deposit - brokered	113,492	2,844	5.01	26,064	401	3.08	78,042	2,950	5.04	51,916	1,584	4.07
Total interest-bearing deposits	4,520,819	81,737	3.62	4,206,098	52,425	2.49	4,575,110	125,559	3.66	4,214,834	86,054	2.72
FHLB advances and borrowings	131,315	3,848	5.86	260,292	6,680	5.13	87,224	3,848	5.88	331,170	13,249	5.33
Finance lease liabilities	3,042	60	3.94	4,339	103	4.75	2,491	75	4.01	4,179	149	4.75
Subordinated debt	133,340	3,370	5.05	133,053	3,236	4.86	133,377	5,055	5.05	133,090	4,966	4.98
Total interest-bearing liabilities	4,788,516	89,015	3.72 %	4,603,782	62,444	2.71 %	4,798,202	134,537	3.74 %	4,683,273	104,418	2.97 %
Noninterest-bearing liabilities:												
Demand deposits	931,040			1,104,440			959,571			1,066,162		

Accrued expenses and other liabilities	89,545	93,650	101,247	82,215
Total noninterest-bearing liabilities	1,020,585	1,198,090	1,060,818	1,148,377
Shareholders' equity	579,104	550,682	583,699	555,559
Total liabilities and shareholders' equity	<u>\$ 6,388,205</u>	<u>\$ 6,352,554</u>	<u>\$ 6,442,719</u>	<u>\$ 6,387,209</u>
Net interest income (tax-equivalent basis)	\$ 69,950	\$ 83,702	\$ 107,895	\$ 120,619
Net interest spread	1.30 %	1.93 %	1.34 %	1.76 %
Net interest margin (D)	2.22 %	2.68 %	2.26 %	2.54 %
Tax equivalent adjustment	\$ (533)	\$ (803)	\$ (797)	\$ (1,205)
Net interest income	Net interest income	Net interest income	Net interest income	Net interest income
	\$ 69,417	\$ 82,899	\$ 107,098	\$ 119,414

(A) Average balances for available for sale securities are based on amortized cost.
 (B) Interest income is presented on a tax-equivalent basis using a 21 percent federal tax rate.
 (C) Loans are stated net of unearned income and include nonaccrual loans.
 (D) Net interest income on a tax-equivalent basis as a percentage of total average interest-earning assets.

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The effect of volume and rate changes on net interest income (on a tax-equivalent basis) for the three month period ended June 30, 2024 September 30, 2024 compared to June 30, 2023 September 30, 2023 are shown below:

(In Thousands):	For the Three Months Ended June 30, 2024					For the Three Months Ended September 30, 2024				
	Difference due to			Change In		Difference due to			Change In	
	Change In:		Income/		Change In:		Income/		Change In	
	Volume	Rate	Expense		Volume	Rate	Expense		Volume	Rate
ASSETS:										
Investments	\$ (146)	\$ 394	\$ 248		\$ 320	\$ 606	\$ 926			
Loans	(839)	3,871	3,032		(2,919)	4,050	1,131			
Interest-earning deposits	739	228	967		2,293	226	2,519			
Total interest income	\$ (246)	\$ 4,493	\$ 4,247		\$ (306)	\$ 4,882	\$ 4,576			
LIABILITIES:										
Interest-bearing checking	\$ 2,700	\$ 4,333	\$ 7,033		\$ 3,597	\$ 3,591	\$ 7,188			
Money market	286	1,877	2,163		658	1,303	1,961			
Savings	(8)	59	51		(10)	52	42			
Certificates of deposit - retail	925	1,980	2,905		919	1,162	2,081			
Certificates of deposit - brokered	840	206	1,046		(1,244)	167	(1,077)			
Interest bearing demand brokered	—	9	9		—	(2)	(2)			
Borrowed funds	(5,346)	343	(5,003)		(6,569)	—	(6,569)			
Capital lease obligation	(13)	(15)	(28)		(26)	(5)	(31)			
Subordinated debt	3	86	89		4	(49)	(45)			

Total interest expense	\$ (613)	\$ 8,878	\$ 8,265	\$ (2,671)	\$ 6,219	\$ 3,548
Net interest income (tax-equivalent basis)	\$ 367	\$ (4,385)	\$ (4,018)	\$ 2,365	\$ (1,337)	\$ 1,028

The effect of volume and rate changes on net interest income (on a tax-equivalent basis) for the **six** **nine** month period ended **June 30, 2024** **September 30, 2024** compared to **June 30, 2023** **September 30, 2023** are shown below:

(In Thousands):	For the Six Months Ended June 30, 2024						For the Nine Months Ended September 30, 2024					
	Difference due to			Change In			Difference due to			Change In		
	Change in:		Income/	Change in:		Expense	Change in:		Income/	Change in:		Expense
	Volume	Rate		Volume	Rate		Volume	Rate		Volume	Rate	
ASSETS:												
Investments	\$ (118)	\$ 1,013	\$ 895	\$ 163	\$ 1,658	\$ 1,821						
Loans	777	10,196	10,973	(2,003)	14,107	12,104						
Interest-earning deposits	444	507	951	2,662	808	3,470						
Total interest income	\$ 1,103	\$ 11,716	\$ 12,819	\$ 822	\$ 16,573	\$ 17,395						
LIABILITIES:												
Interest-bearing checking	\$ 6,125	\$ 11,861	\$ 17,986	\$ 9,812	\$ 15,362	\$ 25,174						
Money market	(1,319)	4,133	2,814	(829)	5,603	4,774						
Savings	(17)	128	111	(29)	183	154						
Certificates of deposit - retail	1,666	4,365	6,031	2,644	5,468	8,112						
Certificates of deposit - brokered	2,056	387	2,443	927	439	1,366						
Interest bearing demand brokered	(179)	106	(73)	(187)	112	(75)						
Borrowed funds	(3,559)	727	(2,832)	(10,518)	1,117	(9,401)						
Capital lease obligation	(26)	(17)	(43)	(53)	(21)	(74)						
Subordinated debt	7	127	134	11	78	89						
Total interest expense	\$ 4,754	\$ 21,817	\$ 26,571	\$ 1,778	\$ 28,341	\$ 30,119						
Net interest income (tax-equivalent basis)	\$ (3,651)	\$ (10,101)	\$ (13,752)	\$ (956)	\$ (11,768)	\$ (12,724)						

Net interest income, on a fully tax-equivalent basis, **declined \$4.0 million increased \$1.0 million**, or **103** percent, for the **second** **third** quarter of 2024 to **\$35.3 million \$37.9 million** from **\$39.3 million \$36.9 million** for the same 2023 period. The net interest margin ("NIM") was **2.25** **2.34** percent and **2.49** **2.28** percent for the three months ended **June 30, 2024** **September 30, 2024** and 2023, respectively, **a decrease** **an increase** of **24** **6** basis points. For the **six** **nine** months ended **June 30, 2024** **September 30, 2024**, the Company recorded net interest income, on a fully tax-equivalent basis, of **\$70.0 million \$107.9 million** compared to **\$83.7 million \$120.6 million** for the same 2023 period. The **net interest margin ("NIM")** **NIM** was **2.22** **2.26** percent and **2.68** **2.54** percent for the **six** **nine** months ended **June 30, 2024** **September 30, 2024** and 2023, respectively, a decrease of **46** **28** basis points. Net interest income, on a fully tax-equivalent basis, and NIM expanded during the quarter ended September 30, 2024, due to the Bank's focus on growing client deposit relationships, which were used to pay down higher cost overnight borrowings. The decrease in net interest income, on a fully tax-equivalent basis, and NIM for the nine months ended September 30, 2024 compared to the same 2023 period, was predominately due to a rapid increase in interest expense mostly

driven by higher deposit rates, **partially offset** by a decrease in the average balance of borrowed funds and an increase in loan yields. The **ongoing** Federal Reserve monetary policy intended to slow inflation has led to a significant increase in interest rates, particularly rates impacting short term investments and deposits. This has resulted

in an inversion of the U.S. Treasury yield curve driving an increase in deposit and borrowing costs at a faster rate than the yields on interest-earning **assets**. **assets**. The Federal Reserve decreased the target Federal Funds rate by 50 basis points at the September Federal Open Market Committee meeting though the impact of these rate cuts had minimal

impact on results for the three month period ended September 30, 2024.

The average balance of interest-earning assets decreased increased slightly to \$6.32 billion \$6.45 billion during the second third quarter of 2024 from \$6.35 billion \$6.43 billion for the same 2023 period, reflecting an increase of \$19.3 million. Average interest-earning assets were \$6.33 billion \$6.37 billion for the six nine months ended June 30, 2024 September 30, 2024 compared to \$6.30 billion \$6.34 billion in the same 2023 period, representing an increase of \$32.4 million \$27.9 million. The slight decrease increase in average interest-earning assets included an increase in the second quarter average balance of 2024 interest-earning deposits of \$190.4 million and \$78.0 million, respectively, as well as an increase in average investments of \$57.8 million and \$17.4 million, respectively, for both the three and nine months ended September 30, 2024 as compared to the same 2023 period included periods. These increases were partially offset by a decline in the average balance of loans of \$81.5 million, partially offset by an increase in interest-earning deposits of \$65.3 million. Loan contraction experienced during for both the second quarter of 2024 was in part due to tighter underwriting standards, reduced loan originations in the higher interest rate environment three and the sale \$15.1 million of multifamily problem loans. The growth in average interest-earning assets for the six nine months ended June 30, 2024 September 30, 2024 of \$228.9 million and \$67.6 million, respectively, when compared to the same 2023 was driven primarily by an increase in the average balance of loans of \$14.3 million and interest-earning deposits of \$21.2 million periods. Interest-earning deposits are an additional part of the Company's liquidity and interest rate risk management strategies and management believes that in the near term having elevated balances represents a strong balance sheet.

The decline in the average balance of loans for the quarter ended June 30, 2024 September 30, 2024 was primarily driven by a decline in commercial mortgages and commercial loans, offset slightly by growth in residential mortgages, installment loans. The average balance of commercial loans declined by \$50.4 million \$139.1 million, or 26 percent, to \$2.19 billion \$2.16 billion for the quarter ended June 30, 2024 September 30, 2024 when compared to \$2.30 billion for the same 2023 period. The average balance of commercial mortgages for the three months ended June 30, 2024 September 30, 2024 declined by \$83.7 million \$120.6 million, or 35 percent, to \$2.42 billion \$2.38 billion when compared to the same 2023 period. These decreases were partially offset by an increase in the average balance of residential mortgages installment loans of \$19.4 million \$17.2 million to \$73.4 million for the quarter ended June 30, 2024 September 30, 2024 when compared to the same 2023 period. The average balance of loans for the nine months ended September 30, 2024 decreased due to declines in commercial mortgages and commercial loans partially offset by growth in installment loans and residential mortgages. The average balance of commercial loans declined by \$50.9 million to \$2.20 billion for the nine months ended September 30, 2024 when compared to the same 2023 period. The average balance of commercial mortgages for the nine months ended September 30, 2024 declined by \$74.4 million to \$2.42 billion when compared to the same 2023 period. Residential mortgages increased by \$22.0 million to \$578.2 million for the nine months ended September 30, 2024 from \$556.2 million for the nine months ended September 30, 2023. The average balance of installment loans increased by \$19.4 million to \$68.6 million for the nine months ended September 30, 2024 from \$49.2 million for the same period in 2023. The decline in the average balance of loans for both the three- and nine-month periods were mostly as a result of the Company tightening underwriting guidelines, paydowns pay downs of higher rate lines of credit and lower originations due to the higher interest rate environment. The average balance of loans for the six months ended June 30, 2024 increased due to growth in residential mortgages and installment loans offset by a decrease in commercial mortgages. Residential mortgages increased by \$33.6 million, or 6 percent, to \$577.3 million from \$543.7 million when comparing the six months ended June 30, 2024 to the six months ended June 30, 2023. The Company reported balances of \$66.2 million and \$45.6 million in average balances, an increase of \$20.5 million, of installment loans for the six months ended June 30, 2024 and 2023, respectively. The average balance of commercial mortgages for the six months ended June 30, 2024 declined by \$51.0 million, or 2 percent, to \$2.44 billion when compared to \$2.49 billion for the same 2023 period.

For the quarters ended June 30, 2024 September 30, 2024 and 2023, the average yields earned on interest-earning assets were 5.03 5.18 percent and 4.74 4.91 percent, respectively, an increase of 29 27 basis points. For the six nine months ended June 30, 2024 September 30, 2024 and 2023, the average yield on interest-earning assets were 5.02 5.08 percent and 4.64 4.73 percent, respectively, an increase of 38 35 basis points. The increase in yields on interest-earning assets for the three and six nine months ended June 30, 2024 September 30, 2024, was primarily due to the increase in the target Federal Funds rate of 100 basis points during 2023 (525 basis points since the Federal Reserve commenced raising rates in March 2022). This resulted in increases in for the yield three-month periods of 31 basis points on loans to 5.58 percent, of 30 59 basis points to 5.41 percent, the yield on interest-earning deposits to 4.88 percent and of 58 26 basis points to 4.67 percent and the yield on investments of 15 basis points to 2.58 2.82 percent, when comparing the three months quarter ended June 30, 2024 September 30, 2024 to the same 2023 period. The six months ended June 30, 2024 compared to the same 2023 period resulted in increases in the average yields for the nine-month periods were 36 basis points on loans of 39 to 5.46 percent, 65 basis points to 5.40 percent, on interest-earning deposits of 62 to 4.69 percent and 25 basis points on investments to 4.54 percent and investments of 23 basis points to 2.58 2.67 percent.

The average yield on total loans for the three and six nine months ended June 30, 2024 September 30, 2024 compared to the same 2023 period periods was driven by an increase in the yield on commercial loan, loans, commercial mortgages and residential mortgages. The yield on commercial loans for the three months ended June 30, 2024 September 30, 2024 increased 44 46 basis points to 6.77 6.96 percent from 6.33 6.50 percent at June 30, 2023 September 30, 2023. The yield on commercial loans for the six nine months ended June 30, 2024 September 30, 2024 increased 54 51 basis points to 6.74 6.81 percent from 6.20 6.30 percent at June 30, 2023. Commercial for the same period in 2023. The average yield on commercial loans yield increased for both the three three- and six months nine-month periods due to an increase in the target Federal Funds rate, which had a greater impact on these loans, that are typically floating rates with short repricing periods. The average yield on commercial mortgages increased 15 16 basis points to 4.44 4.60 percent and 23 20 basis points to 4.46 4.50 percent for the three and six nine months ended June 30, 2024 September 30, 2024, respectively, when compared to the same 2023 periods. The average yield on residential mortgages increased 32 43 basis points to 3.87 4.02 percent and 42 basis points to 3.81 3.88 percent, for the three and six nine months ended June 30, 2024 September 30, 2024, respectively, when compared to the same 2023 periods. The increase for both commercial and residential mortgages for the three three- and six months nine-month periods were driven by the origination of loans with higher yields in the current higher interest rate environment. As of June 30, 2024 September 30, 2024, 30 percent of our loans will reprice within one month, 35 percent within three months and 48 49 percent within one year.

For the three months ended **June 30, 2024** **September 30, 2024**, the average balance of interest-bearing liabilities totaled **\$4.77 billion** **\$4.82 billion** representing a decrease of **\$22.3 million** from **\$4.84 billion** for the same 2023 period due to a decrease in overnight borrowings of **\$470.6 million** to no overnight borrowings at **September 30, 2024**. This decrease was partially offset by an increase in interest-bearing deposits of **\$450.5 million** to **\$4.68 billion** at **September 30, 2024**. For the nine months ended **September 30, 2024**, the average balance of interest-bearing liabilities totaled **\$4.80 billion** representing an increase of **\$47.0 million**, or 1 percent, **\$114.9 million** from **\$4.72 billion** **\$4.68 billion** for the same 2023 period due to an increase in interest-bearing deposits of **\$434.7 million** **\$360.3 million** to **\$4.60 billion**, which was **\$4.58 billion** partially offset by a decrease in overnight borrowings of **\$386.7 million** **\$243.9 million** to **\$27.2 million** **\$87.2 million** for the quarter ended **June 30, 2024**. For the six nine months ended **June 30, 2024**, the average balance of interest-bearing liabilities totaled **\$4.79 billion** representing an increase of **\$184.7 million**, or 4 percent, from **\$4.60 billion** for the same 2023 period

due to an increase in interest-bearing deposits of **\$314.7 million** to **\$4.52 billion** partially offset by a decrease in overnight borrowings of **\$129.0 million** to **\$131.3 million** for the six months ended **June 30, 2024** **September 30, 2024**.

The increase in the average balance of interest-bearing deposits for the **quarters** **quarter** ended **June 30, 2024** **September 30, 2024** compared to the 2023 comparable period was primarily due to an increase in the average **balance balances** of interest-bearing checking deposits of **\$260.2 million** **\$401.1 million**, **average balance of retail certificate of deposits ("CD")** of **\$119.1 million** **\$97.1 million** and **short-term brokered CDs** **money market accounts** of **\$72.5 million** **\$61.5 million**. The increase in the average balance of interest-bearing deposits for the six nine months ended **June 30, 2024** **September 30, 2024** compared to the 2023 comparable period was primarily due to an **increase increases in the average balances of interest-bearing checking deposits** of **\$349.1 million**, **retail CDs** of **\$111.9 million** and **short-term brokered CDs** of **\$26.1 million**, partially offset by **declines** in the average balance of **interest-bearing checking deposits** of **\$323.0 million**, **average balance of certificate of deposits ("CD")** of **\$119.4 million** and **short-term brokered CDs** of **\$87.4 million**, partially offset by a decline in **money market and savings accounts** of **\$207.1 million** **\$121.5 million**. The increase in interest-bearing checking deposits for the three and six nine months ended **June 30, 2024** **September 30, 2024** was principally attributable to client demand for FDIC insured products. The Company added short-term brokered CDs to provide additional liquidity and replace brokered deposit run-off. The decrease for the savings and money market accounts for the six nine months ended **June 30, 2024** **September 30, 2024** included clients shifting balances into higher-yielding short-term Treasuries and interest-bearing checking accounts. The expansion into New York City is starting to benefit deposit growth and **is expected to reduce** has **reduced** the Company's reliance on overnight borrowings, brokered deposits and other high cost funding sources **and while shifting funding into more low** **lower** cost, relationship deposits.

The Company is a participant in the Reich & Tang Demand Deposit Marketplace program and the Promontory Program. The Company uses these deposit sweep services to place customer funds into interest-bearing demand (checking) accounts issued by other participating banks. Customer funds are placed at one or more participating banks to increase the level of FDIC insurance available to deposit customers. As a participant, the Company receives reciprocal amounts of deposits from other participating banks. Average reciprocal deposit balances for the quarters ended **June 30, 2024** **September 30, 2024** and 2023, were **\$1.2 billion** **\$1.32 billion** and **\$813.2 million** **\$982.9 million**, respectively. Average reciprocal deposit balances for the nine months ended **September 30, 2024** and 2023, were **\$1.20 billion** and **\$809.4 million**, respectively. The additional growth for the three and six nine months ended **June 30, 2024** **September 30, 2024** was directly related to **clients** **clients** desire for the increased level of FDIC insurance offered by these programs.

At **June 30, 2024** **September 30, 2024**, uninsured/unprotected deposits were approximately **\$1.3 billion** **\$1.4 billion**, or **23.24** percent of total deposits. This amount was adjusted to exclude **\$326 million** **\$354 million** of public fund deposit balances, which are fully-collateralized and protected with securities and an FHLBNY letter of credit.

The **average balance** of **Company** did not have any **short-term borrowings** decreased **\$386.7 million** during the third quarter of 2024 compared to **\$27.2 million** **\$470.6 million** for the quarter ended **June 30, 2024**, compared to **\$414.0 million** for the quarter ended **June 30, 2023**, same 2023 period. The average balance of borrowings decreased **\$129.0 million** **\$243.9 million** to **\$131.3 million** **\$87.2 million** for the six nine months ended **June 30, 2024** **September 30, 2024**, compared to **\$260.3 million** **\$331.2 million** for the same 2023 period. The decrease in borrowings for both periods was driven by the growth in client deposits led by the **Company's** expansion into New York City, and the new teams that which were hired used to pay down borrowings.

For the quarters ended **June 30, 2024** **September 30, 2024** and 2023, the cost of interest-bearing liabilities was **3.71** **3.78** percent and **3.04** **3.47** percent, respectively, reflecting an increase of **67.31** basis points. The cost of interest-bearing liabilities was **3.72** **3.74** percent and **2.71** **2.97** percent for the six nine months ended **June 30, 2024** **September 30, 2024** and 2023, respectively. The increases for both the three and six nine months ended **June 30, 2024** **September 30, 2024** were driven by an increase in the average cost of interest-bearing deposits of **89.56** basis points to **3.74** percent for the third quarter of 2024 and **94** basis points to **3.66** percent for the second nine months ended **September 30, 2024**. The **Company** benefitted from no short-term borrowing costs in the third quarter of 2024 and **113** basis points compared to **3.62** percent for the six months ended **June 30, 2024**. Additionally, the **average cost of borrowings** increased **39** basis points to **5.59** percent for the second quarter of 2024 when compared to **5.20** **5.58** percent for the same 2023 period and **73** period. For the nine months ended **September 30, 2024**, the **average cost of borrowings** increased **55** basis points to **5.86** **5.88** percent for the six months ended **June 30, 2024** when compared to **5.13** from **5.33** percent for the same 2023 period. The increase in deposit and borrowing rates was due to the Federal Reserve raising the target

Federal Funds rate by 525 basis points since March 2022 and a change in the composition of the deposit portfolio, as clients continue to migrate out of noninterest bearing checking products into higher-yielding alternatives.

INVESTMENT SECURITIES: Investment securities available for sale are purchased, sold and/or maintained as a part of the Company's overall balance sheet and interest rate risk management strategies, and in response to liquidity needs, prepayment speeds and/or other factors. These securities are carried at estimated fair value, and unrealized changes in fair value are recognized as a separate component of shareholders' equity, net of income taxes. Realized gains and losses are recognized in income at the time the securities are sold. Investment securities held to maturity are those securities that the Company has both the ability and intent to hold to maturity. These securities are carried at amortized cost. Equity securities are carried at fair value with unrealized gains and losses recorded in noninterest income.

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At **June 30, 2024** **September 30, 2024**, the Company had investment securities available for sale with a fair value of **\$591.9 million** **\$682.7 million** compared with \$550.6 million at December 31, 2023. The increase in investment securities available for sale was due to the use of excess funds since for security purchases as deposit growth outpaced loan growth, growth during the first nine months of 2024. A net unrealized loss (net of income tax) of **\$75.2 million** **\$57.6 million** and of \$69.2 million related to these securities were included in shareholders' equity at **June 30, 2024** **September 30, 2024** and December 31, 2023, respectively.

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At **June 30, 2024** **September 30, 2024**, the Company had investment securities held to maturity with a carrying cost of **\$105.0 million** **\$103.2 million** and an estimated fair value of **\$90.9 million** **\$92.4 million** compared with a carrying cost of \$107.8 million and an estimated fair value of \$94.4 million at December 31, 2023.

The Company has had one equity security (a CRA investment security) with a fair value of **\$13.0 million** at **June 30, 2024** compared with a fair value of **\$13.4 million** and \$13.2 million at **September 30, 2024** and **December 31, 2023**, respectively, with changes in fair value recognized in the Consolidated Statements of Income. The Company recorded an unrealized loss gain of **\$84,000** **\$474,000** and **\$195,000** **\$279,000** for the three and **six** **nine** months ended **June 30, 2024** **September 30, 2024**, respectively, as compared to an unrealized loss of **\$209,000** and **\$0** **\$404,000** for the same period in 2023, three and nine months ended September 30, 2023.

The carrying value of investment securities available for sale and held to maturity as of **June 30, 2024** **September 30, 2024** and December 31, 2023 are shown below:

(In thousands)	June 30, 2024		December 31, 2023		September 30, 2024		December 31, 2023	
	Estimated		Estimated		Estimated		Estimated	
	Amortized	Fair	Amortized	Fair	Amortized	Fair	Amortized	Fair
	Cost	Value	Cost	Value	Cost	Value	Cost	Value
Investment securities available for sale:								
U.S. government-sponsored agencies	\$ 244,803	\$ 195,002	\$ 244,794	\$ 197,691	\$ 244,808	\$ 205,013	\$ 244,794	\$ 197,691
Mortgage-backed securities-residential (principally U.S. government-sponsored entities)	410,158	363,032	363,893	320,796	476,695	442,082	363,893	320,796
SBA pool securities	25,478	21,683	27,148	23,404	24,291	21,413	27,148	23,404
Corporate bond	14,000	12,167	10,000	8,726	15,500	14,205	10,000	8,726
Total investment securities available for sale	\$ 694,439	\$ 591,884	\$ 645,835	\$ 550,617	\$ 761,294	\$ 682,713	\$ 645,835	\$ 550,617
Investment securities held to maturity:								
U.S. government-sponsored agencies	40,000	36,529	40,000	36,631	40,000	37,698	40,000	36,631
Mortgage-backed securities-residential (principally U.S. government-sponsored entities)	65,013	54,334	67,755	57,784	63,158	54,740	67,755	57,784
Total investment securities held to maturity	\$ 105,013	\$ 90,863	\$ 107,755	\$ 94,415	\$ 103,158	\$ 92,438	\$ 107,755	\$ 94,415
Total	\$ 799,452	\$ 682,747	\$ 753,590	\$ 645,032	\$ 864,452	\$ 775,151	\$ 753,590	\$ 645,032

The following table presents the contractual maturities and yields of debt securities available for sale and held to maturity as of **June 30, 2024** **September 30, 2024**. The weighted average yield is a computation of income within each maturity range based on the amortized cost of securities:

(Dollars in thousands)	After 1					After 5					After 1					After 5					
	Within		But		Within	After		Within		But		Within	After		Within		But		Within	After	
	1 Year	5 Years	10 Years	10	Years	Total	1 Year	5 Years	10 Years	10	Years	Total	1 Year	5 Years	10 Years	10	Years	Total	1 Year	5 Years	10
Investment securities available for sale:																					
U.S. government-sponsored agencies	\$ —	\$ 30,689	\$ 104,845	\$ 59,468	\$ 195,002		\$ —	\$ 40,579	\$ 113,299	\$ 51,135	\$ 205,013										
	—	1.27%	1.52%	1.75%	1.56%		—	1.24%	1.56%	1.77%	1.56%										
Mortgage-backed securities-residential (A)	50,067	8,550	30,718	273,697	363,032		50,495	8,675	31,992	350,920	442,082										
	6.08%	3.21%	3.11%	3.07%	3.44%		5.73%	3.21%	3.11%	3.45%	3.66%										
SBA pool securities	—	—	8,197	13,486	21,683		—	263	7,508	13,642	21,413										
	—	—	2.05%	1.49%	1.69%		—	5.37%	2.12%	1.50%	1.75%										
Corporate bond	—	—	12,167	—	12,167		—	—	14,205	—	14,205										
	—	—	6.01%	—	6.01%		—	—	6.32%	—	6.32%										
Total investments available for sale	\$ 50,067	\$ 39,239	\$ 155,927	\$ 346,651	\$ 591,884		\$ 50,495	\$ 49,517	\$ 167,004	\$ 415,697	\$ 682,713										
	6.08%	1.66%	2.17%	2.75%	2.77%		5.73%	1.58%	2.24%	3.15%	2.98%										
Investment securities held to maturity:																					
U.S. government-sponsored agencies	—	40,000	—	—	40,000		—	40,000	—	—	40,000										
	—	1.53%	—	—	1.53%		—	1.53%	—	—	1.53%										
Mortgage-backed securities-residential (A)	—	—	—	65,013	65,013		—	—	—	—	63,158	63,158									
	—	—	—	2.22%	2.22%		—	—	—	—	2.17%	2.17%									
Total investments held to maturity	\$ —	\$ 40,000	\$ —	\$ 65,013	105,013		\$ —	\$ 40,000	\$ —	\$ 63,158	103,158										
	—	1.53%	—	2.22%	1.96%		—	1.53%	—	—	2.17%	1.92%									
Total	\$ 50,067	\$ 79,239	\$ 155,927	\$ 411,664	\$ 696,897		\$ 50,495	\$ 89,517	\$ 167,004	\$ 478,855	\$ 785,871										
	6.08%	1.59%	2.17%	2.67%	2.64%		5.73%	1.56%	2.24%	3.02%	2.84%										

(A) Shown using stated final maturity.

OTHER INCOME: The following table presents other income, excluding income from wealth management services, which is summarized and discussed subsequently:

(In thousands)	For the Three Months Ended June 30,			Change		For the Three Months Ended September 30,			Change			
	2024		2023	2024 vs 2023		2024		2023	2024 vs 2023			
	\$	1,345	\$	1,320	\$	25	\$	1,327	\$	1,319	\$	8
Service charges and fees												
Bank owned life insurance		328		305		23		390		310		80
Gain on sale of loans (mortgage banking)		34		15		19		15		37		(22)
Gain on loans held for sale at lower of cost or fair value		23		—		23						
Gain on sale of SBA loans		449		838		(389)		365		491		(126)
Corporate advisory fee income		103		15		88		55		85		(30)

Other income	2,938	2,039	899	1,162	3,541	(2,379)
Fair value adjustment for CRA equity security	(84)	(209)	125	474	(404)	878
Total other income (excluding wealth management income)	\$ 5,136	\$ 4,323	\$ 813	\$ 3,788	\$ 5,379	\$ (1,591)

(In thousands)	For the Six Months Ended June 30,			Change	For the Nine Months Ended September 30,			Change				
	2024		2023		2024		2023					
	\$	2,667	\$	2,578	\$	89	\$	3,994	\$	3,897	\$	97
Service charges and fees												
Bank owned life insurance		831		602		229		1,221		912		309
Gain on sale of loans (mortgage banking)		90		36		54		105		73		32
Gain on loans held for sale at lower of cost or fair value		23		—		23		23		—		23
Gain on sale of SBA loans		849		1,703		(854)		1,214		2,194		(980)
Corporate advisory fee income		921		95		826		976		180		796
Other income		4,244		3,606		638		5,406		7,147		(1,741)
Fair value adjustment for CRA equity security		(195)		—		(195)		279		(404)		683
Total other income (excluding wealth management income)	\$ 9,430		\$ 8,620	\$ 810	\$	13,218		\$ 13,999	\$ (781)			

The Company recorded total other income, excluding wealth management fee income, of \$5.1 million \$3.8 million for the second third quarter of 2024 compared to \$4.3 million \$5.4 million for the same 2023 period, reflecting an increase a decrease of \$813,000. The \$1.6 million. For the nine months ended September 30, 2024 and 2023, the Company recorded \$9.4 million of total other income, excluding wealth management fee income, for the six months ended June 30, 2024 compared to \$8.6 million for the same 2023 period, of \$13.2 million and

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\$14.0 million, respectively, reflecting an increase a decrease of \$810,000, \$781,000. The increases decreases were primarily due to income related to associated with equipment transfers upon the termination of leases, of \$1.6 million and \$1.7 million which declined \$2.1 million to \$225,000 for the three and six months ended June 30, 2024, respectively, September 30, 2024 from \$2.3 million for the same 2023 period and declined \$727,000 to \$1.9 million for the nine months ended September 30, 2024 from \$2.7 million for the same 2023 period.

The Company provides loans that are partially guaranteed by the SBA to provide working capital and/or finance the purchase of equipment, inventory or commercial real estate that could be used for start-up businesses. All SBA loans are underwritten and documented as prescribed by the SBA. The Company generally sells the guaranteed portion of the SBA loans in the secondary market, with the non-guaranteed portion of SBA loans held in the loan portfolio. The Company recorded a gain on the sale of SBA loans of \$449,000 \$365,000 and \$838,000 \$491,000 for the quarters ended June 30, 2024 September 30, 2024 and 2023, respectively. For the six nine months ended June 30, 2024 September 30, 2024 and 2023, the Company recorded a gain on the sale of SBA loans of \$849,000 \$1.2 million and \$1.7 million \$2.2 million, respectively. The Company continues to see pressures pressure from market volatility and the higher interest rate environment resulting in lower sale premiums and origination volumes.

The Company recorded corporate advisory fee income for the second third quarter of 2024 of \$103,000 \$55,000 compared to \$15,000 \$85,000 for the same period ended June 30, 2023 September 30, 2023. The six nine months ended June 30, 2024 September 30, 2024 included \$921,000 \$976,000 of corporate advisory fee income compared to \$95,000 \$180,000 for the same 2023 period. The higher amount in for the six nine months ended June 30, 2024 September 30, 2024 was related to a major corporate advisory/investment banking acquisition transaction. transaction completed in the first quarter of 2024.

Income from the back-to-back swap, SBA programs, and corporate advisory fee income are dependent on volume, and thus are typically not consistent from quarter to quarter.

For the quarter ended June 30, 2024 September 30, 2024, income from the sale of newly originated residential mortgage loans was \$34,000 \$15,000 compared to \$15,000 \$37,000 for the same period in 2023. The Company recorded income from the sale of newly originated residential mortgage loans for the six nine months ended June 30, 2024 September 30, 2024 and 2023 of \$90,000 \$105,000 and \$36,000 \$73,000, respectively. Although fee income increased as a result of slightly increased volume, the The Company is still continues to be impacted by the industry wide slowdown in refinancing and home purchase activity in the higher interest rate environment.

Other income included \$1.6 million \$225,000 of income by the Equipment Finance Division related to equipment transfers to lessees upon the termination of leases for the second third quarter of 2024 compared to \$221,000 \$2.3 million for the same 2023 period. The six nine months ended June 30, 2024 September 30, 2024 and 2023 included \$1.7 million \$1.9 million and \$367,000, \$2.7 million, respectively, of income related to equipment transfers to lessees upon

the termination of leases. Additionally, the Company recorded \$786,000 \$845,000 of unused commercial line fees for the quarter ended June 30, 2024 September 30, 2024 compared to \$809,000 \$794,000 for the same 2023 period. The six Unused line fees were \$2.5 million for both the nine months ended June 30, 2024 included \$1.6 million of unused commercial line fees compared to \$1.7 million for the same 2023 period. September 30, 2024 and 2023. The six three and nine months ended June 30, 2024 September 30, 2024 included \$229,000 \$55,000 and \$236,000, respectively, of additional income from life insurance proceeds.

The Company recorded an \$84,000 a \$474,000 of positive fair value adjustment and \$209,000 \$404,000 negative fair value adjustment for CRA equity securities in the second third quarter of 2024 and 2023, respectively. The six nine months ended June 30, 2024 September 30, 2024 included a \$195,000 negative \$279,000 positive fair value adjustment for CRA equity securities, compared to a \$404,000 negative fair value adjustment for the same 2023 period. The decrease increase in 2024 was predominantly due to the underlying assets being tied to medium-term investments which increased slightly and the Federal Reserve's decision to lower interest rates in September 2024.

OPERATING EXPENSES: The following table presents the components of operating expenses for the periods indicated:

(In thousands)	For the Three Months Ended June 30,			Change 2024 vs 2023	For the Three Months Ended September 30,			Change 2024 vs 2023			
	2024		2023		2024		2023				
	\$	29,884	\$	26,354	\$	31,050	\$	25,264	\$	5,786	
Compensation and employee benefits	\$	29,884	\$	26,354	\$	31,050	\$	25,264	\$	5,786	
Premises and equipment		5,776		4,729		1,047		5,633		5,214	
FDIC assessment		870		729		141		870		741	
Other Operating Expenses:											
Professional and legal fees		1,693		1,179		514		2,014		1,619	
Trust department expense		936		915		21		1,064		977	
Telephone		397		362		35		390		407	
Advertising		625		706		(81)		340		482	
Amortization of intangible assets		272		355		(83)		272		339	
Other		2,673		2,363		310		3,016		2,370	
Total operating expenses	\$	43,126	\$	37,692	\$	5,434	\$	44,649	\$	37,413	
										\$	7,236

(In thousands)	For the Six Months Ended June 30,			Change 2024 vs 2023		
	2024		2023			
	\$	58,360	\$	50,940	\$	7,420
Compensation and employee benefits	\$	58,360	\$	50,940	\$	7,420
Premises and equipment		10,857		9,103		1,754
FDIC assessment		1,815		1,440		375
Other Operating Expenses:						
Professional and legal fees		3,055		2,524		531
Trust department expense		1,874		1,879		(5)
Telephone		792		731		61
Advertising		968		1,102		(134)
Amortization of intangible assets		544		709		(165)
Branch/office restructure		—		175		(175)
Other		4,902		4,663		239
Total operating expenses	\$	83,167	\$	73,266	\$	9,901

(In thousands)	For the Nine Months Ended September 30,		Change 2024 vs 2023
	2024	2023	
Compensation and employee benefits	\$ 89,410	\$ 76,204	\$ 13,206
Premises and equipment	16,490	14,317	2,173
FDIC assessment	2,685	2,181	504
Other Operating Expenses:			
Professional and legal fees	5,069	4,143	926
Trust department expense	2,938	2,856	82
Telephone	1,182	1,138	44
Advertising	1,308	1,584	(276)
Amortization of intangible assets	816	1,048	(232)
Branch/office restructure	—	175	(175)
Other	7,918	7,033	885
Total operating expenses	\$ 127,816	\$ 110,679	\$ 17,137

Operating expenses for the quarter ended **June 30, 2024** September 30, 2024 and 2023 totaled **\$43.1 million** \$44.6 million and **\$37.7 million** \$37.4 million, respectively, reflecting an increase of **\$5.4 million** \$7.2 million, or **14.19** percent. Operating expenses for the **six nine** months ended **June 30, 2024** September 30, 2024 increased **\$9.9 million** \$17.1 million, or **14.15** percent, to **\$83.2 million** \$127.8 million from **\$73.3 million** \$110.7 million for the same 2023 period. The increase in operating expenses for both 2024 periods, as when compared to the same **2023** prior year periods, were was principally attributable to the previously announced Company's expansion into New York City, which included the hiring of multiple teams and expenses related to the successful launch opening of our office and retail branch space in our Park Avenue location in New York City. The 2024 periods included additional expense associated with annual merit increases and increased employee benefits, increased credit costs, as well as increased office space, computer and software equipment costs related to the New York City expansion. The **three and six nine** months ended **June 30, 2023** September 30, 2023 included **\$1.7 million** and \$2.0 million of expense associated with retirements of certain employees. The six months ended June 30, 2023 also included employees and \$175,000 of expenses associated with the closure of three retail branch locations.

PEAPACK PRIVATE: This division includes: investment management services provided for individuals and institutions; personal trust services, including services as executor, trustee, administrator, custodian and guardian; and other financial planning, tax preparation and advisory services. Officers from Peapack Private are available to provide wealth management, trust and investment services at the Bank's headquarters in Bedminster, New Jersey, and at private banking locations in Morristown, Princeton, Red Bank, Summit and Teaneck, New Jersey and at the Bank's subsidiary, PGB Trust & Investments of Delaware, in Greenville, Delaware.

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The market value of the assets under management and/or administration ("AUM/AUA") of Peapack Private was **\$11.5 billion** \$12.1 billion at **June 30, 2024** September 30, 2024, reflecting a **6.11** percent increase from \$10.9 billion at December 31, 2023 and an increase of **7.16** percent from **\$10.7 billion** \$10.4 billion at **June 30, 2023** September 30, 2023. The equity market improved during the first **six nine** months of 2024 and coupled with gross business inflows of **\$171 million** \$547 million, contributed to the increase in AUM/AUA.

In the **June September** 2024 quarter, Peapack Private generated **\$16.4 million** \$15.2 million in fee income compared to **\$14.3 million** \$14.0 million for the **June September** 2023 quarter, reflecting an **15.8** percent increase. For the **six nine** months ended **June 30, 2024** September 30, 2024, Peapack Private generated **\$30.8 million** \$46.0 million in fee income compared to **\$28.0 million** \$42.0 million in fee income for the same period in 2023, reflecting a 10 percent increase. The increase in fee income for the three and **six nine** months ended **June 30, 2024** September 30, 2024 was largely due to the improved equity and bond markets during the first **half nine** months of 2024 and new business inflows.

Operating expenses relative to Peapack Private, for the three months ended **June 30, 2024** September 30, 2024, declined increased slightly to **\$10.7 million** \$10.0 million as compared to **\$11.1 million** \$9.6 million for the **second third** quarter of 2023. Operating expenses relative to Peapack Private, for the **six nine** months ended **June 30, 2024** September 30, 2024, declined to **\$20.1 million** \$30.1 million as compared to **\$20.9 million** \$30.6 million for the **six nine** months ended **June 30, 2023** September 30, 2023. Expenses are in line with the Company's Strategic Plan, particularly the hiring of key management and revenue-producing personnel.

Peapack Private currently generates adequate revenue to support the salaries, benefits and other expenses of the wealth division and Management believes it will continue to do so as the Company grows organically and/or by acquisition. Management believes that the Bank generates adequate liquidity to support the expenses of Peapack Private should it be necessary.

NONPERFORMING ASSETS: OREO, loans past due in excess of 90 days and still accruing, and nonaccrual loans are considered nonperforming assets.

The following table sets forth asset quality data as of the dates indicated:

(Dollars in thousands)	As of					As of				
	June 30,		December		September	September		December		September
	2024	2024	2023	2023	2023	2024	2024	2024	2023	2023
Loans past due 90 days or more and still accruing	\$ —	\$ 35	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 35	\$ —	\$ —
Nonaccrual loans	82,075	69,811	61,324	70,809	34,505	80,453	82,075	69,811	61,324	70,809
Other real estate owned	—	—	—	—	—	—	—	—	—	—
Total nonperforming assets	<u>\$ 82,075</u>	<u>\$ 69,846</u>	<u>\$ 61,324</u>	<u>\$ 70,809</u>	<u>\$ 34,505</u>	<u>\$ 80,453</u>	<u>\$ 82,075</u>	<u>\$ 69,846</u>	<u>\$ 61,324</u>	<u>\$ 70,809</u>
Performing modifications (A)(B)	\$ 26,788	\$ 12,311	\$ 248	\$ 248	\$ 248	\$ 51,796	\$ 26,788	\$ 12,311	\$ 248	\$ 248
Loans past due 30 through 89 days and still accruing	\$ 34,714	\$ 73,699	\$ 34,589	\$ 9,780	\$ 14,524	\$ 31,446	\$ 34,714	\$ 73,699	\$ 34,589	\$ 9,780
Loans subject to special mention	\$ 140,791	\$ 59,450	\$ 71,397	\$ 53,328	\$ 53,606	\$ 113,655	\$ 140,791	\$ 59,450	\$ 71,397	\$ 53,328
Classified loans	\$ 128,311	\$ 117,869	\$ 84,372	\$ 94,866	\$ 58,655	\$ 147,422	\$ 128,311	\$ 117,869	\$ 84,372	\$ 94,866
Individually evaluated loans	\$ 81,802	\$ 69,530	\$ 60,710	\$ 70,184	\$ 33,867	\$ 79,972	\$ 81,802	\$ 69,530	\$ 60,710	\$ 70,184
Nonperforming loans as a % of total loans (C)	1.56%	1.30%	1.13%	1.29%	0.63%	1.51%	1.56%	1.30%	1.13%	1.29%
Nonperforming assets as a % of total assets (C)	1.26%	1.09%	0.95%	1.09%	0.53%	1.18%	1.26%	1.09%	0.95%	1.09%
Nonperforming assets as a % of total loans plus other real estate owned (C)	1.56%	1.30%	1.13%	1.29%	0.63%	1.51%	1.56%	1.30%	1.13%	1.29%

(A) Amounts reflect modifications that are paying according to modified terms.

(B) Excludes modifications included in nonaccrual loans of \$3.7 million at September 30, 2024, \$3.2 million at June 30, 2024, \$3.2 million at March 31, 2024, \$3.0 million at December 31, 2023, and \$3.1 million at September 30, 2023 and \$777,000 at June 30, 2023.

(C) Nonperforming loans/assets do not include performing modifications.

The Company had increases in nonperforming assets, performing modifications, loans subject to special mention, classified loans and individually evaluated loans at June 30, 2024 September 30, 2024 compared to December 31, 2023. The persistent nature of the elevated interest rate environment combined with inflationary pressures have presented challenges for certain borrowers, which is reflected in the trend of asset quality data in recent quarters. The increase in nonperforming assets since the beginning of 2024 was primarily driven by higher six multifamily loan relationships that have been classified as nonperforming loans. loans during the current year. The increase in special mention loans was primarily due to an increase in multifamily loans of \$43.6 million, \$51.1 million. There were several loan modifications made during the first nine months of 2024, which included one investment commercial real estate loan, one commercial loan and one equipment finance of \$17.3 million, \$11.7 million and \$10.5 million, respectively, that were completed during the third quarter of 2024. Loans past due 30 through 89 days at September 30, 2024 included \$19.7 million of multifamily loans of \$16.7 million to two sponsors. Subsequent to September 30, 2024 these loans have been placed on nonaccrual status and commercial loans of \$19.8 million downgraded to substandard. The increase in classified loans was primarily driven by an increase in multifamily loans of \$16.8 million \$16.5 million, investment commercial real estate of \$17.2 million and commercial loans of \$24.7 million \$27.6 million when compared

to December 31, 2023. The increase in the balance of individually evaluated substandard loans was primarily due to six multifamily relationships totaling \$32.0 million \$31.8 million that transferred to nonaccrual status during the first six months of 2024 which was partially offset by the sale of two multifamily individually evaluated loans totaling \$15.1 million.

PROVISION FOR CREDIT LOSSES: The provision for credit losses was \$3.9 million \$1.2 million and \$1.7 million \$5.9 million for the second third quarters of 2024 and 2023, respectively. For the six nine months ended June 30, 2024 September 30, 2024 and 2023, the provision for loan losses was \$4.5 million \$5.8 million and \$3.2 million \$9.1 million, respectively. The increased decreased provision for credit losses for the three months ended June 30, 2024 September 30, 2024, when compared to the three months ended June 30, 2023 September 30, 2023 was primarily due to charge-offs totaling \$5.4 million driven by overall slower loan growth and a recovery of approximately \$2.1 million, partially offset by additional specific reserves related to certain isolated credits of \$1.8 million. The higher provision for credit losses for the sale third quarter of two problem loans, which were approaching foreclosure and transfer 2023 was due principally to other real estate owned. a specific reserve of \$4.5 million for a freight-related credit that was transferred to nonaccrual. The allowance for credit losses ("ACL") was \$68.0 million \$71.3 million as of June 30, 2024 September 30, 2024, compared to \$65.9 million at December 31, 2023. The increase in the ACL was primarily related to an increase in the ACL related to multifamily loans, which was driven by the increase in individually evaluated loans of \$16.9 million \$16.7 million and certain qualitative adjustments in the CECL calculation made during the first six nine months of 2024. The allowance for credit losses as a percentage of loans was 1.29 1.34 percent at June 30, 2024 September 30, 2024 compared to 1.21 percent at December 31, 2023. The ACL recorded on individually evaluated loans was \$7.9 million \$9.7 million at June 30, 2024 September 30, 2024 compared to \$4.5 million as of December 31, 2023. Total individually

evaluated loans were \$81.8 million \$80.0 million and \$60.7 million as of June 30, 2024 September 30, 2024 and December 31, 2023, respectively. The increase in the balance of individually evaluated loans was primarily due to six multifamily relationships totaling \$32.0 million that transferred to nonaccrual status during the first six months of 2024, which was offset by the sale of two multifamily individually evaluated loans totaling \$15.1 million. The general component of the allowance increased from \$61.4 million at December 31, 2023 to \$60.1 million \$61.6 million at June 30, 2024 September 30, 2024.

On January 1, 2022, the Company adopted ASU 2016-13 (Topic 326), which replaced the incurred loss methodology with CECL for financial instruments measured at amortized cost and other commitments to extend credit. The allowance for credit losses is a valuation allowance of Management's estimate of expected credit losses in the loan portfolio. The process to determine expected credit losses utilizes analytic tools and Management judgment and is reviewed on a quarterly basis. When Management is reasonably certain that a loan balance is not fully collectable, an analysis is completed whereby a specific reserve may be established or a full or partial charge off is recorded against the allowance. Subsequent recoveries, if any, are credited to the allowance. Management estimates the allowance balance via a quantitative analysis which considers available information from internal and external sources related to past loan loss and prepayment experience and current economic conditions, as well as the incorporation of reasonable and supportable forecasts. Management evaluates a variety of factors including available published economic information in arriving at its forecast. Expected credit losses are estimated over the contractual term of the loans, adjusted for expected prepayments when appropriate. Also included in the allowance for credit losses are qualitative reserves that are expected, but, in the Management's assessment, may not be adequately represented in the quantitative analysis or the forecasts described above. Factors may include changes in lending policies and procedures, size and composition of the portfolio, experience and depth of management and the effect of external factors such as competition, legal and regulatory requirements, amount among others. The allowance is available for any loan that, in Management's judgment, should be charged off.

A summary of the allowance for credit losses for the quarterly periods indicated follows:

(Dollars in thousands)	June 30,		March 31,		December 31,		September 30,		June 30,	
	2024	2024	2024	2023	2023	2023	2023	2023	2023	2023
Allowance for credit losses:										
Beginning of period	\$	66,251	\$	65,888	\$	68,592	\$	62,704	\$	62,250
Provision for credit losses (A)		3,901		615		5,082		5,944		1,666
(Charge-offs)/recoveries, net		(2,168)		(252)		(7,786)		(56)		(1,212)
End of period	\$	67,984	\$	66,251	\$	65,888	\$	68,592	\$	62,704
Allowance for credit losses as a % of total loans										
		1.29 %		1.24 %		1.21 %		1.25 %		1.15 %

Collectively evaluated allowance for credit losses as a % of total loans	1.14 %	1.15 %	1.13 %	1.10 %	1.11 %
Allowance for credit losses as a % of nonperforming loans	82.83 %	94.85 %	107.44 %	96.87 %	181.72 %
(Dollars in thousands)	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
Allowance for credit losses:					
Beginning of period	\$ 67,984	\$ 66,251	\$ 65,888	\$ 68,592	\$ 62,704
Provision for credit losses (A)	1,227	3,901	615	5,082	5,944
(Charge-offs)/recoveries, net	2,072	(2,168)	(252)	(7,786)	(56)
End of period	<u>\$ 71,283</u>	<u>\$ 67,984</u>	<u>\$ 66,251</u>	<u>\$ 65,888</u>	<u>\$ 68,592</u>
Allowance for credit losses as a % of total loans	1.34 %	1.29 %	1.24 %	1.21 %	1.25 %
Collectively evaluated allowance for credit losses as a % of total loans	1.16 %	1.14 %	1.15 %	1.13 %	1.10 %
Allowance for credit losses as a % of nonperforming loans	88.60 %	82.83 %	94.85 %	107.44 %	96.87 %

(A) Excludes a credit of \$3,000 at September 30, 2024, a provision of \$10,000 at June 30, 2024, a provision of \$12,000 at March 31, 2024, a credit of \$55,000 at December 31, 2023 and a credit of \$88,000 at September 30, 2023 and a provision of \$30,000 at June 30, 2023 related to off-balance sheet commitments.

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The decrease in the allowance for credit losses as a percentage of nonperforming loans was primarily due to the increase in nonperforming loans of \$47.6 million \$9.6 million to \$82.1 million \$80.5 million at June 30, 2024 September 30, 2024 from \$34.5 million \$70.8 million at June 30, 2023 September 30, 2023.

INCOME TAXES: Income tax expense for the quarter ended June 30, 2024 September 30, 2024 was \$2.0 million \$3.2 million as compared to \$5.0 million \$3.8 million for the same period in 2023. During the six nine months ended June 30, 2024 September 30, 2024, the Company recorded income tax expense of \$5.8 million \$9.0 million compared to \$11.6 million \$15.4 million for the same period in 2023.

The effective tax rate for the three months ended June 30, 2024 September 30, 2024 was 21.23 29.40 percent compared to 27.41 30.52 percent for the same quarter in 2023. The effective tax rate was 26.43 27.41 percent and 26.84 27.67 percent for the six nine months ended June 30, 2024 September 30, 2024 and 2023, respectively.

Both the three and six The nine months ended June 30, 2024 September 30, 2024 periods included a benefit related to the Company's deferred tax asset associated with a surtax imposed by the State of New Jersey. This benefit was partially offset by adjustments related to the vesting of restricted stock at prices lower than original grant prices in 2024, while 2023 benefitted benefited from the vesting of restricted stock at prices higher than original grant prices.

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CAPITAL RESOURCES: A solid capital base provides the Company with financial strength and the ability to support future growth and is essential to executing the Company's current Strategic Plan – "Expanding Our Reach." Plan. The Company's capital strategy is intended to provide stability to expand its business, even in stressed environments.

Quarterly stress testing is integral to the Company's capital management process.

The Company strives to maintain capital levels in excess of internal "triggers" and in excess of those considered to be well capitalized under regulatory guidelines applicable to banks and bank holding companies. Maintaining an adequate capital position supports the Company's goal of providing shareholders an attractive and stable long-term return on investment.

Capital increased as a result of net income of **\$16.2 million** **\$23.7 million** for the **six** **nine** months ended June 30, 2024. This was partially offset by the repurchase of 200,000 shares, at an average price of **\$22.99** through the Company's stock repurchase program at a total cost of **\$4.6 million** and payment of dividends of **\$1.8 million** September 30, 2024. Additionally, during the **first half** **nine** months of 2024, the Company recorded an increase a decrease in accumulated other comprehensive loss of **\$3.5 million** **\$10.1 million**, net of tax. The total accumulated other comprehensive loss declined to **\$68.3 million** **\$54.8 million** as of **June 30, 2024** **September 30, 2024**, **(\$75.2 million)** **\$7.6 million** loss related to the available for sale securities portfolio partially offset by a **\$6.8 million** **\$2.8 million** gain on the cash flow hedges). This was partially offset by the repurchase of 300,000 shares, at an average price of **\$23.96** through the Company's stock repurchase program at a total cost of **\$7.2 million** and payment of dividends of **\$2.7 million**.

The Company employs quarterly capital stress testing by modeling adverse case and severely adverse case scenarios. In the most recent completed stress test based on **March 31, 2024** **June 30, 2024** financial information, under the severely adverse case, and no growth scenarios, the Bank remains well capitalized over a two-year stress period.

Quantitative measures established by regulation to ensure capital adequacy require the Company and the Bank to maintain minimum amounts and ratios of Total, Common Equity Tier 1 and Tier 1 capital (each as defined in the regulations) to risk-weighted assets (as defined), and of Tier 1 capital (as defined) to average assets (as defined). At **June 30, 2024** **September 30, 2024** and December 31, 2023, all of the Bank's capital ratios remain above the levels required to be considered "well capitalized" and the Company's capital ratios remain above regulatory requirements. To be categorized as well capitalized, the Bank must maintain minimum total risk-based, Tier 1 risk-based, common equity Tier 1 and Tier 1 leverage ratios as set forth in the table below.

As a result of the Economic Growth, Regulatory Relief, and Consumer Protection Act, the federal banking agencies were required to develop a "Community Bank Leverage Ratio" ("CBLR") (the ratio of a bank's tangible equity capital to average total consolidated assets) for financial institutions with assets of less than \$10 billion. A "qualifying community bank" that exceeds this ratio will be deemed to be in compliance with all other capital and leverage requirements, including the capital requirements to be considered "well capitalized" under Prompt Corrective Action statutes. The federal banking agencies set the minimum capital for the CBLR at 9 percent. The Bank did not opt into the CBLR and will continue to comply with the requirements under Basel III. The Bank's leverage ratio was **11.14** **10.99** percent at **June 30, 2024** **September 30, 2024**.

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The Bank's regulatory capital amounts and ratios are presented in the following table:

(Dollars in thousands)	Actual		To Be Well		For Capital	
			Capitalized Under		For Capital	
			Prompt Corrective		Adequacy	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	Amount	Ratio	Amount	Ratio	Amount	Ratio
<u>As of June 30, 2024:</u>						
Total capital (to risk-weighted assets)	781,44 \$ 8	15.30 %	510,64 \$ 8	10.00 %	408,51 \$ 8	8.00 %
Tier I capital (to risk-weighted assets)	717,55 7	14.05	408,51 8	8.00	306,38 9	6.00
Common equity tier I (to risk-weighted assets)	717,54 5	14.05	331,92 1	6.50	229,79 2	4.50
Tier I capital (to average assets)	717,55 7	11.14	322,19 8	5.00	257,75 8	4.00

<u>As of December 31, 2023:</u>									
	Total capital		525,00		420,00		551,25		10.50%
	(to risk-weighted assets)	\$ 3	14.73 %	\$ 1	10.00 %	\$ 1	8.00 %	\$ 1	
Tier I capital	707,44	6	13.48	1	8.00	0	6.00	1	8.50
(to risk-weighted assets)									
Common equity tier I	707,43	4	13.47	0	6.50	0	4.50	0	7.00
(to risk-weighted assets)									
Tier I capital	707,44	6	10.83	7	5.00	5	4.00	5	4.00
(to average assets)									
To Be Well									
Capitalized Under									
Prompt Corrective									
Adequacy									
Including Capital									
(Dollars in thousands)	Actual		Action Provisions		Purposes		Conservation Buffer (A)		
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	
<u>As of September 30, 2024:</u>									
Total capital	789,95		526,72		421,38		553,06		
(to risk-weighted assets)	\$ 4	15.00 %	\$ 6	10.00 %	\$ 1	8.00 %	\$ 2	10.50 %	
Tier I capital	724,03	8	13.75	1	8.00	5	6.00	7	8.50
(to risk-weighted assets)									
Common equity tier I	724,02	6	13.75	2	6.50	7	4.50	8	7.00
(to risk-weighted assets)									
Tier I capital	724,03	8	10.99	8	5.00	2	4.00	2	4.00
(to average assets)									
<u>As of December 31, 2023:</u>									
Total capital	773,08		525,00		420,00		551,25		
(to risk-weighted assets)	\$ 3	14.73 %	\$ 1	10.00 %	\$ 1	8.00 %	\$ 1	10.50 %	
Tier I capital	707,44	6	13.48	1	8.00	0	6.00	1	8.50
(to risk-weighted assets)									
Common equity tier I	707,43	4	13.47	0	6.50	0	4.50	0	7.00
(to risk-weighted assets)									
Tier I capital	707,44	6	10.83	7	5.00	5	4.00	5	4.00
(to average assets)									

(A) See footnote on following table.

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The Company's regulatory capital amounts and ratios are presented in the following table:

	To Be Well	For Capital
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(Dollars in thousands)			Capitalized Under		For Capital		Adequacy Purposes	
			Prompt Corrective		Adequacy		Including Capital	
	Actual		Action Provisions		Purposes		Conservation Buffer (A)	
As of June 30, 2024:	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital	792,68				409,01		536,82	
(to risk-weighted assets)	\$ 4	15.50%	N/A	N/A	\$ 2	8.00%	\$ 8	10.50%
Tier I capital	609,29				306,75		434,57	
(to risk-weighted assets)	9	11.92	N/A	N/A	9	6.00	5	8.50
Common equity tier I	609,28				230,06		357,88	
(to risk-weighted assets)	7	11.92	N/A	N/A	9	4.50	6	7.00
Tier I capital	609,29				257,96		257,96	
(to average assets)	9	9.45	N/A	N/A	3	4.00	3	4.00
As of December 31, 2023:	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital	785,41				420,37		551,74	
(to risk-weighted assets)	\$ 3	14.95%	N/A	N/A	\$ 7	8.00%	\$ 5	10.50%
Tier I capital	600,44				315,28		446,65	
(to risk-weighted assets)	4	11.43	N/A	N/A	3	6.00	1	8.50
Common equity tier I	600,43				236,46		367,83	
(to risk-weighted assets)	2	11.43	N/A	N/A	2	4.50	0	7.00
Tier I capital	600,44				261,35		261,35	
(to average assets)	4	9.19	N/A	N/A	8	4.00	8	4.00
To Be Well								
(Dollars in thousands)			Capitalized Under		For Capital		Adequacy Purposes	
			Prompt Corrective		Adequacy		Including Capital	
	Actual		Action Provisions		Purposes		Conservation Buffer (A)	
As of September 30, 2024:	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital	800,96				421,82		553,65	
(to risk-weighted assets)	\$ 1	15.19%	N/A	N/A	\$ 9	8.00%	\$ 1	10.50%
Tier I capital	615,48				316,37		448,19	
(to risk-weighted assets)	6	11.67	N/A	N/A	2	6.00	4	8.50
Common equity tier I	615,47				237,27		369,10	
(to risk-weighted assets)	4	11.67	N/A	N/A	9	4.50	1	7.00
Tier I capital	615,48				263,86		263,86	
(to average assets)	6	9.33	N/A	N/A	3	4.00	3	4.00
As of December 31, 2023:	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital	785,41				420,37		551,74	
(to risk-weighted assets)	\$ 3	14.95%	N/A	N/A	\$ 7	8.00%	\$ 5	10.50%

Tier I capital (to risk-weighted assets)	600,44 4	11.43	N/A	N/A	315.28 3	6.00	446,65 1	8.50
Common equity tier I (to risk-weighted assets)	600,43 2	11.43	N/A	N/A	236.46 2	4.50	367,83 0	7.00
Tier I capital (to average assets)	600,44 4	9.19	N/A	N/A	261.35 8	4.00	261,35 8	4.00

(A) The Basel Rules require the Company and the Bank to maintain a 2.5% "capital conservation buffer" on top of the minimum risk-weighted asset ratios. The capital conservation buffer is designed to absorb losses during periods of economic stress. Banking institutions with a ratio of (i) Common Equity Tier 1 to risk-weighted assets, (ii) Tier 1 capital to risk-weighted assets or (iii) total capital to risk-weighted assets above the respective minimum but below the capital conservation buffer face constraints on dividends, equity repurchases and discretionary bonus payments to executive officers based on the amount of the shortfall.

The Dividend Reinvestment Plan of Peapack-Gladstone Financial Corporation, or the "Reinvestment Plan," allows shareholders of the Company to purchase additional shares of common stock using cash dividends without payment of any brokerage commissions or other charges. Shareholders may also make voluntary cash payments of up to \$200,000 per quarter to purchase additional shares of common stock. Voluntary share purchases in the "Reinvestment Plan" can be filled from the Company's authorized but unissued shares and/or in the open market, at the discretion of the Company. All shares purchased during the quarter ended **June 30, 2024** **September 30, 2024** were purchased in the open market.

On **June 27, 2024** **September 25, 2024**, the Board of Directors declared a regular cash dividend of \$0.05 per share payable on **August 22, 2024** **November 22, 2024** to shareholders of record on **August 8, 2024** **November 7, 2024**.

Management believes the Company's capital position and capital ratios are adequate. Further, Management believes the Company has sufficient common equity to support its planned growth for the immediate future. The Company continually assesses other potential sources of capital to support future growth.

LIQUIDITY: Liquidity refers to an institution's ability to meet short-term requirements including funding of loans, deposit withdrawals and maturing obligations, as well as long-term obligations, including potential capital expenditures. The Company's liquidity risk management is intended to ensure the Company has adequate funding and liquidity to support its assets across a range of market environments and conditions, including stressed conditions. Principal sources of liquidity include cash, temporary

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investments, securities available for sale, customer deposit inflows, loan repayments and secured borrowings. Other liquidity sources include loan sales, loan participations and brokered CDs.

Management actively monitors and manages the Company's liquidity position and believes it is sufficient to meet future needs. Cash and cash equivalents, including interest-earning deposits, totaled **\$315.7 million** **\$492.7 million** at **June 30, 2024** **September 30, 2024**. The Company's elevated liquidity position was due to deposit growth of **\$382.1 million** **\$661.3 million** and loan contraction, contraction of **\$113.9 million** during the first nine months of 2024. In addition, the Company had **\$591.9 million** **\$682.7 million** in securities designated as available for sale at **June 30, 2024** **September 30, 2024**. These securities can be sold, or used as collateral for borrowings, in response to liquidity concerns. Available for sale and held to maturity securities with a carrying value of **\$417.4 million** **\$590.8 million** and **\$95.9 million** **\$101.1 million** as of **June 30, 2024** **September 30, 2024**, respectively, were pledged to secure public funds and for other purposes required or permitted by law. In addition, the Company generates significant liquidity from scheduled and unscheduled principal repayments of loans and mortgage-backed securities.

As of **June 30, 2024** **September 30, 2024**, the Company had approximately **\$2.9 billion** **\$3.0 billion** of external borrowing capacity available on a same day basis (subject to any practical constraints affecting the FHLB or FRB), which when combined with balance sheet liquidity provided the Company with **304** **293** percent coverage of our uninsured/unprotected deposits.

Brokered interest-bearing demand ("overnight") deposits were \$10.0 million at **June 30, 2024** **September 30, 2024**. The interest rate paid on these deposits allows the Bank to fund operations at attractive rates and engage in interest rate swaps to hedge its asset-liability interest rate risk. The Company ensures ample available collateralized liquidity as a backup to these short-term brokered deposits. As of **June 30, 2024** **September 30, 2024**, the Company had transacted pay fixed, receive floating interest rate swaps totaling **\$310.0 million** **\$360.0 million** in notional amount.

The Company allowed **certain** **\$120.5 million** of brokered certificates of deposits to mature during the **six** **nine** months ended **June 30, 2024** **September 30, 2024**. **Total brokered certificates of These** deposits decreased **\$94.5 million** to **\$26.0 million**, which were replaced by lower cost core relationship deposits as of **June 30, 2024** **September 30, 2024**.

The Company has a Board-approved Contingency Funding Plan. This plan provides a framework for managing adverse liquidity stress and contingent sources of liquidity. The Company conducts liquidity stress testing on a regular basis to ensure sufficient liquidity in a stressed environment. The Company believes it has sufficient liquidity given the current

environment.

Management believes the Company's liquidity position and sources were adequate at **June 30, 2024** **September 30, 2024**.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

ASSET/LIABILITY MANAGEMENT: The Company's management Asset/Liability Committee ("ALCO") is responsible for developing, implementing and monitoring asset/liability strategies and advising the Board of Directors on such strategies, as well as the related level of interest rate risk. In this regard, interest rate risk simulation models are prepared on a quarterly basis. These models demonstrate balance sheet gaps and predict changes to net interest income and the economic/market value of portfolio equity under various interest rate scenarios. In addition, these models, as well as ALCO processes and reporting, are subject to annual independent third-party review.

ALCO generally manages interest rate risk through the management of capital, cash flows and the duration of assets and liabilities, including sales and purchases of assets, as well as additions of wholesale borrowings and other sources of medium/longer-term funding. ALCO engages in interest rate swaps as a means of extending the duration of shorter-term liabilities.

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The following strategies are among those used to manage interest rate risk:

- Actively market C&I loans, which tend to have adjustable-rate features, and which generate customer relationships that can result in higher core deposit accounts;
- Actively market equipment finance leases and loans, which tend to have shorter terms and higher interest rates than real estate loans;
- Limit residential mortgage portfolio originations to adjustable-rate and/or shorter-term and/or "relationship" loans that result in core deposit and/or wealth manager relationships;
- Actively market core deposit relationships, which are generally longer duration liabilities;
- Utilize medium-to-longer term certificates of deposit and/or wholesale borrowings to extend liability duration;
- Utilize interest rate swaps to extend liability duration;
- Utilize a loan level / back-to-back interest rate swap program, which converts a borrower's fixed rate loan to adjustable rate for the Company;
- Closely monitor and actively manage the investment portfolio, including management of duration, prepayment and interest rate risk;
- Maintain adequate levels of capital; and
- Utilize loan sales.

The interest rate swap program is administered by ALCO and follows procedures and documentation in accordance with regulatory guidance and standards as set forth in ASC 815 for cash flow hedges. The program incorporates pre-purchase analysis, liability designation, sensitivity analysis, correlation analysis, daily mark-to-market analysis and collateral posting as required. The Board is advised of all swap activity. In these swaps, the Company is receiving floating and paying fixed interest rates with total notional value of **\$310.0 million** **\$360.0 million** as of **June 30, 2024** **September 30, 2024**.

In addition, the Company initiated a loan level/back-to-back swap program in support of its commercial lending business. Pursuant to this program, the Company extends a floating rate loan and executes a floating to fixed swap with the borrower. At the same time, the Company executes a third-party swap, the terms of which fully offset the fixed exposure and, result in a final floating rate exposure for the Company. As of **June 30, 2024** **September 30, 2024**, **\$498.8 million** **\$466.8 million** of notional value in swaps were executed and outstanding with borrowers under this program.

As noted above, ALCO uses simulation modeling to analyze the Company's net interest income sensitivity, as well as the Company's economic value of portfolio equity under various interest rate scenarios. The models are based on the actual maturity and repricing characteristics of rate sensitive assets and liabilities. The models incorporate certain prepayment and interest rate assumptions, which management believes to be reasonable as of **June 30, 2024** **September 30, 2024**. The models assume changes in interest rates without any proactive change in the balance sheet by management. In the models, the forecasted shape of the yield curve remained static as of **June 30, 2024** **September 30, 2024**.

In an immediate and sustained 100 basis point increase in market rates at **June 30, 2024** **September 30, 2024**, net interest income would **decrease approximately 1.5 percent** be flat in year 1 and increase by **1.0** **2.2** percent in year 2, compared to a flat interest rate scenario. In an immediate and sustained 100 basis point decrease in market rates at **June 30, 2024** **September 30, 2024**, net interest income would **increase** **decrease approximately 1.5** **1.2** percent for year 1 and decrease **1.6** **4.1** percent for year 2, compared to a flat interest rate scenario.

In an immediate and sustained 200 basis point increase in market rates at **June 30, 2024** **September 30, 2024**, net interest income would **decrease** **increase** approximately **2.6** **1.1** percent in year 1 and increase by **2.3** **5.2** percent in year 2, compared to a flat interest rate scenario. In an immediate and sustained 200 basis point decrease in market rates at

June 30, 2024 September 30, 2024, net interest income for year 1 would increase decrease approximately 1.6 3.2 percent, when compared to a flat interest rate scenario. In year 2, net interest income would decrease 4.9 9.2 percent, when compared to a flat interest rate scenario.

The Company's interest rate sensitivity models indicate the Company is liability asset sensitive as of June 30, 2024 September 30, 2024 and that net interest income would improve in a falling rising rate environment, but decline in a rising falling rate environment.

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The table below shows the estimated changes in the Company's economic value of portfolio equity ("EVPE") that would result from an immediate parallel change in the market interest rates at June 30, 2024 September 30, 2024.

(Dollars in thousands)	Estimated Increase/ Decrease in EVPE			EVPE as a Percentage of Present Value of Assets (B)		Estimated Increase/ Decrease in EVPE			EVPE as a Percentage of Present Value of Assets (B)		
	Estimated		EVPE	Increase/(Decrease)	Estimated		EVPE	Increase/(Decrease)			
(Basis Points)	EVPE (A)	Amount	Percent	Ratio (C)	(basis points)	EVPE (A)	Amount	Percent	Ratio (C)	(basis points)	
+200	\$ 584,009	\$ (59,005)	(9.18)%	9.79 %	(55)	\$ 651,295	\$ (26,667)	(3.93)%	10.29 %	(1)	
+100	614,378	(28,636)	(4.45)	10.09	(25)	665,595	(12,367)	(1.82)	10.32	2	
Flat interest rates	643,014	—	—	10.34	—	677,962	—	—	10.30	—	
-100	696,160	53,146	8.27	10.91	57	695,466	17,504	2.58	10.35	5	
-200	692,554	49,540	7.70	10.67	33	670,831	(7,131)	(1.05)	9.83	(47)	

(A) EVPE is the discounted present value of expected cash flows from assets and liabilities.

(B) Present value of assets represents the discounted present value of incoming cash flows on interest-earning assets.

(C) EVPE ratio represents EVPE divided by the present value of assets.

Certain shortcomings are inherent in the methodologies used in determining interest rate risk. Simulation modeling requires making certain assumptions that may or may not reflect the manner in which actual yields and costs respond to changes in market interest rates. In this regard, the modeling assumes that the composition of our interest-sensitive assets and liabilities existing at the beginning of a period remains constant over the period being measured and assumes that a particular change in interest rates is reflected uniformly across the yield curve regardless of the duration or repricing of specific assets and liabilities. Accordingly, although the information provides an indication of our interest rate risk exposure at a particular point in time, such measurements are not intended to and do not provide a precise forecast of the effect of changes in market interest rates on our net interest income and will differ from actual results.

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ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) are designed to provide reasonable assurance that information required to be disclosed in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the forms and rules of the Securities and Exchange Commission and that such information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosures.

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such

evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Corporation's disclosure controls and procedures are effective as of the end of the period covered by this Quarterly Report on Form 10-Q.

The Company's management, including the Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, provides reasonable, not absolute, assurance that the objectives of the control system are met. The design of a control system reflects resource constraints. Because there are inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been or will be detected. These inherent limitations include the fact that judgments in decision-making can be faulty and that breakdowns occur because of simple error or mistake. Further, controls can be circumvented. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events. There can be no assurance that any design will succeed in achieving its stated goals under all future conditions; over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with the policies or procedures. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the quarter ended **June 30, 2024** **September 30, 2024**, 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

In the normal course of its business, lawsuits and claims may be brought against the Company and its subsidiaries. There are no currently pending or threatened litigation or proceedings against the Company or its subsidiaries, which if adversely decided, we believe would have a material adverse effect on the Company.

ITEM 1A. Risk Factors

There have been no material changes in risk factors applicable to the Company from those disclosed in "Risk Factors" in Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

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ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

	Total Number of Shares Purchased As Part of Publicly Announced Plans or Programs	Total Number of Shares Withheld (A)	Average Price Paid Per Share	Maximum Number of Shares That May Yet Be Purchased Under the Plans Or Programs (B)
				—
April 1, 2024 -				
April 30, 2024	—	—	\$ —	377,673
May 1, 2024 -				
May 31, 2024	—	267	24.07	377,673
June 1, 2024 -				
June 30, 2024	100,000	—	21.75	277,673
Total	100,000	267	\$ 21.76	

	Total Number of Shares Purchased As Part of Publicly Announced Plans or Programs	Total Number of Shares Withheld (A)	Average Price Paid Per Share	Maximum Number of Shares That May Yet Be Purchased Under the Plans Or Programs (B)
				—

July 1, 2024 -					
July 31, 2024	—	—	\$	—	277,673
August 1, 2024 -					
August 31, 2024	100,000	—		25.92	177,673
September 1, 2024 -					
September 30, 2024	—	—	—	—	177,673
Total	100,000	—	\$	25.92	

(A) Represents shares withheld to satisfy tax withholding obligations upon the exercise of stock options and/or the vesting of restricted stock awards/units. Such shares are repurchased pursuant to the applicable plan and are not under the Company's share repurchase program.

(B) On January 26, 2023, the Company's Board of Directors approved a plan to repurchase up to 890,000 shares, which was approximately 5 percent of the outstanding shares as of that date, through December 31, 2024. The timing and amount of shares repurchased will depend on certain factors, including but not limited to, market conditions and prices, the Company's liquidity and capital requirements and alternative uses of capital.

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

Not applicable.

ITEM 5. Other Information

Securities Trading Plans of Directors and Executive Officers

During the three months ended **June 30, 2024** **September 30, 2024**, none of our directors or executive 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."

2024 Phantom Stock Plan.

On February 22, 2024, the Company adopted the Peapack-Gladstone Financial Corporation 2024 Phantom Stock Plan (the "Phantom Stock Plan"), effective as of February 22, 2024, to promote the long-term financial success of the Company and its subsidiaries by providing a means to attract, retain and reward individuals who contribute to such success and to further align their interests with those of the Company's shareholders. Any employee or director of the Company or a subsidiary selected by the Compensation Committee of the Company's Board of Directors (the "Committee") is eligible to participate in the Plan.

Pursuant to the Phantom Stock Plan, the Company may grant phantom stock units and phantom stock appreciation units to eligible participants. A phantom stock unit represents the right to receive a cash payment on the determination date established by the Committee equal to the value of a share of the Company's stock on the determination date. A phantom stock appreciation unit represents the right to receive a cash payment on the determination date established by the Committee equal to the positive difference between the strike price on the grant date and the tangible book value of a share of the Company's stock on the determination date.

The awards granted may be subject to either time-based vesting or pre-established performance goals. Unless the Committee determines otherwise, the required period of service for full vesting will generally be three years for all awards, subject to acceleration of vesting in the event of the participant's death, disability, involuntary termination without cause within two years following the occurrence of a change in control, and retirement. In the event of separation of service (as defined in the Plan) for any reason other than disability, death or termination without cause within two years following the occurrence of a change in control, or retirement, unvested awards will be forfeited. In the event of termination for cause, the awards granted to a participant will

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expire and be forfeited. Upon separation of service due to disability or death, all awards granted to the participant will become fully vested and payment of the cash value of the awards will be made no later than 75 days after the participant's separation of service. At the time of an involuntary termination without cause within two years following a change in control, the awards held by a participant will be deemed to have been fully earned and the cash value of outstanding awards will be paid no later than 75 days after the change in control. To the extent vesting of any performance awards is accelerated, vesting will be pro-rata, based target achievement (or actual achievement, if higher) of the performance goals and on the number of completed months in the performance period.

Amended and Restated Deferred Restricted Stock Unit Plan.

On October 2, 2024, the Company adopted the Amended and Restated Peapack-Gladstone Financial Corporation Restricted Stock Unit Deferred Compensation Plan, effective as of October 2, 2024 (the "RSU Deferral Plan"). The RSU Deferral Plan is provided to directors and a select group of management and highly compensated employees, including the named executive officers listed in the Corporation's proxy statement. Pursuant to the amended and restated plan, prior to the applicable plan year, participants may elect to defer all or a portion of their grants of restricted stock units, phantom stock units, or similar awards to a deferral account maintained on behalf of the participant. Participants are at all times 100% vested in their deferral accounts. Subject to certain limitations designated by the Board of Directors of the Company, a participant may direct the investment of the participant's deferral account in certain investment funds options or in shares of Company common stock. The deferral account will generally be paid on the earliest to occur of separation from employment, a scheduled distribution date (if elected by the participant), death, disability, or in the event of a change in control (if elected by the participant). The deferral account will be distributed either in a lump sum or in annual installments (of up to 15 years) in accordance with the participant's pre-established election. If the distribution is due to a scheduled distribution date or retirement (separation from service after age 62); if the distribution is for any other reason, the distribution shall be made in a lump sum payment.

The foregoing descriptions of the Phantom Stock Plan and the RSU Deferral Plan do not purport to be complete and are qualified in their entirety by reference to the Phantom Stock Plan, form of time-based Phantom Stock Unit Award Agreement, form of performance-based Phantom Stock Unit Award Agreement, and the RSU Deferral Plan, copies of which are included as Exhibits 10.1, 10.2, 10.3 and 10.4, respectively, to this report on Form 10-Q and incorporated by reference into this Item 5.

ITEM 6. Exhibits

3	Articles of Incorporation and By-Laws:
	A. Certificate of Incorporation of the Registrant, as amended, incorporated herein by reference to Exhibit 3 of the Registrant's Quarterly Report on Form 10-Q filed on November 9, 2009 (File No. 001-16197).
	B. By-Laws of the Registrant, incorporated herein by reference to Exhibit 3.2 of the Registrant's Current Report on Form 8-K filed on March 23, 2023 (File No. 001-16197).
10.1	Peapack-Gladstone Financial Corporation 2024 Employee Phantom Stock Purchase Plan (incorporated by reference to Appendix A to Plan).
10.2	Form of Time-Based Phantom Stock Unit Award Agreement under the proxy statement for Peapack-Gladstone Financial Corporation 2024 Phantom Stock Plan.
10.3	Form of Performance-Based Phantom Stock Unit Award Agreement under the Annual Meeting of Shareholders filed on March 15, 2024 (File No. 001-16197). Peapack-Gladstone Financial Corporation 2024 Phantom Stock Plan.
10.4	Amended and Restated Peapack-Gladstone Financial Corporation Restricted Stock Unit Deferred Compensation Plan.
31.1	Certification of Douglas L. Kennedy, Chief Executive Officer of the Corporation, pursuant to Securities Exchange Act Rule 13a-14(a).
31.2	Certification of Frank A. Cavallaro, Chief Financial Officer of the Corporation, pursuant to Securities Exchange Act Rule 13a-14(a).
32	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, signed by Douglas L. Kennedy, Chief Executive Officer of the Corporation and Frank A. Cavallaro, Chief Financial Officer of the Corporation.
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because iXBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

SIGNATURES

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

PEAPACK-GLADSTONE FINANCIAL CORPORATION

(Registrant)

DATE: **August 8, 2024** November 7, 2024

By: **/s/ Douglas L. Kennedy**

Douglas L. Kennedy

President and Chief Executive Officer
(Principal Executive Officer)

DATE: **August 8, 2024** November 7, 2024

By: **/s/ Frank A. Cavallaro**

Frank A. Cavallaro

Senior Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

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Exhibit 10.1

PEAPACK-GLADSTONE FINANCIAL CORPORATION
2024 PHANTOM STOCK PLAN

ARTICLE 1 – GENERAL

Section 1.1 Purpose, Effective Date and Term. The purpose of this Peapack-Gladstone Financial Corporation 2024 Phantom Stock Plan (the “Plan”) is to promote the long-term financial success of Peapack-Gladstone Financial Corporation, a New Jersey bank holding company (the “Company”), by providing a means to attract, retain and reward individuals who contribute to the Company’s success and to further align their interests with those of the Company. The “Effective Date” of the Plan is February 22, 2024.

Section 1.2 Administration. The Plan shall be administered by the Compensation Committee of the Company’s Board in accordance with **Section 5.1**.

Section 1.3 Plan Year. The Plan Year shall be January 1 to December 31.

Section 1.4 Participation. Any person who is granted and holds an Award in accordance with the terms of the Plan shall be a “Participant” in the Plan. Awards under the Plan shall be limited to Eligible Employees and Directors of the Company or any other Subsidiary.

Section 1.5 Definitions. Capitalized terms in the Plan shall be defined as set forth in the Plan (including the definitions contained in **Article 9**).

ARTICLE 2 - AWARDS

Section 2.1 General. Each Award under the Plan shall be subject to the terms and conditions of the Plan and such additional terms, conditions, limitations and restrictions as the Committee shall provide with respect to such Award and as evidenced in the Award Agreement. The only Awards that may be granted under the Plan are Phantom Stock Units and Phantom Stock Appreciation Units and any Award may be granted as a performance award.

Section 2.2 Settlement of Awards.

(a) **Phantom Stock Unit.** A Phantom Stock Unit Award shall be settled within 75 days after the date on which the Award vests or as otherwise specified in this Plan or the Award Agreement, in accordance with such terms and conditions as may be established by the Committee. The settlement of a Phantom Stock Unit shall be in cash, subject to applicable tax withholding.

(b) **Phantom Stock Appreciation Unit.** A Phantom Stock Appreciation Unit Award shall be settled within 75 days after the date on which the Award vests or as otherwise specified in this Plan or the Award Agreement, in accordance with such terms and conditions as may be established by the Committee. The settlement of a Phantom Stock Appreciation Unit shall be in cash, subject to applicable tax withholding.

Section 2.3 Vesting of Awards. The Committee shall specify the vesting schedule and/or market or performance conditions of each Award at the time of grant. The vesting period of an Award under the Plan shall be determined by the Committee, and unless otherwise specified by the Committee in an applicable Award Agreement, the vesting period will accelerate in the event of the Participant's Retirement, death, Disability, or an involuntary termination without Cause (including resignation for Good Reason) following the occurrence of a Change in Control.

Section 2.4 Deferred Compensation. It is the Company's intention that this Plan shall not be considered a deferred compensation plan within the meaning of Code Section 409A. Accordingly, the Awards are designed so that they shall not be considered "non-qualified deferred compensation" as defined under Code Section 409A ("Deferred Compensation"). Payments of Awards are made upon vesting and thus satisfy the "short-term deferral" exception under Code Section 409A. Nonetheless, the Committee reserves the absolute right (including the right to delegate such right) to unilaterally amend the Plan or any Award Agreement, without the consent of the Participant, if necessary to avoid the

Awards being treated as Deferred Compensation. Any amendment by the Committee to the Plan or an Award Agreement pursuant to this **Section 2.4** shall maintain, to the extent practicable, the original intent of the applicable provision without violating Code Section 409A. A Participant's acceptance of any Award under the Plan constitutes acknowledgement and consent to such rights of the Committee, without further consideration or action. Any discretionary authority retained by the Committee pursuant to the terms of this Plan or pursuant to an Award Agreement shall not be applicable to an Award if such discretionary authority would contravene Code Section 409A.

Section 2.5 Effect of Separation from Service on Awards. The Committee shall establish the effect of a Separation from Service on the continuation of rights and benefits available under an Award or this Plan and, in so doing, may make distinctions based upon, among other things, the cause of Separation from Service. Unless the Committee shall specifically state otherwise at the time an Award is granted and evidences such intent in an Award Agreement, the following provisions shall apply to each Award granted under this Plan:

(a) Upon the Separation from Service for any reason other than Retirement, Disability, death, or termination without Cause (including a resignation for Good Reason) with two years following the occurrence of a Change in Control, any unvested Phantom Stock Units and/or Phantom Stock Appreciation Units shall be forfeited.

(b) Upon the Separation from Service for reason of Retirement, Disability or death, all Phantom Stock Unit Awards and/or Phantom Stock Appreciation Units subject to vesting conditions solely based on continued Service of the Participant shall become fully vested and payment of the cash value of the Phantom Stock Unit Award and/or Phantom Stock Appreciation Units shall be made no later than 75 days after the Participant's Separation from Service. Any Awards that vest based on the achievement of performance targets shall vest, pro-rata, by multiplying (i) the number of Awards that would be obtained based on achievement at target (or if actual achievement of the performance measures is greater than the target level, at the actual achievement level) as of the date of Retirement, Disability or death, by (ii) a fraction, the numerator of which is the number of whole months the Participant was in Service during the performance period and the denominator of which is the number of months in the performance period.

(c) In the event of a termination for Cause, all Phantom Stock Unit Awards and Phantom Stock Appreciation Units granted to a Participant under the Plan shall immediately expire and be forfeited.

(d) The effect of a Change in Control on the vesting of Phantom Stock Unit Awards and Phantom Stock Appreciation Units is as set forth in **Article 4** hereof.

Section 2.6 Valuation of Awards.

The cash value of a Phantom Stock Unit Award shall be an amount equal to the Fair Market Value on the Determination Date. The cash value of a Phantom Stock Appreciation Unit shall be an amount equal to the positive difference between the Fair Market Value on the Determination Date reduced by the Strike Price.

ARTICLE 3 – SHARES OF PHANTOM STOCK SUBJECT TO PLAN

Section 3.1 Phantom Stock Authorized.

The aggregate number of Phantom Stock Units and Phantom Stock Appreciation Units available for Awards granted under this Plan at any time shall be determined from time to time by the Committee.

Section 3.2 Permitted Adjustments for Certain Transactions.

In the event any recapitalization, reclassification, forward or reverse stock split, reorganization, merger, consolidation, spin-off, combination, or exchange of shares of Company common stock ("Stock") or other securities, stock dividend or other special and non-recurring dividend or distribution (whether in the form of cash, securities or other property), liquidation, dissolution, or increase or decrease in the number of shares of Stock without consideration, or similar corporate transaction or event, affects the shares of Stock such that an adjustment is appropriate in order to prevent dilution or enlargement of the rights of Participants under the Plan and/or under any Award granted under the Plan, then the

Committee shall, in an equitable manner, adjust the number of Phantom Stock Unit Awards and Phantom Stock Appreciation Units that may vest and be settled with respect to outstanding Awards. In addition, the Committee is authorized to adjust the terms and conditions of, and the criteria included in, Phantom Stock Unit Awards and/or Phantom Stock Appreciation Units (including, without limitation, cancellation of any such Awards in exchange for the in-the-money value, if any, of the vested portion thereof, or substitution or exchange of any such Awards for similar awards denominated in units of a successor or other entity) in recognition of unusual or non-recurring events (including, without limitation, acquisitions and dispositions of businesses or assets) affecting the Company or any parent or Subsidiary or the financial statements of the Company or any parent or Subsidiary, or in response to changes in applicable laws, regulations, or accounting principles.

ARTICLE 4 - CHANGE IN CONTROL

Section 4.1 Consequence of a Change in Control. Except as otherwise provided in the Plan or as determined by the Committee and set forth in the terms of any Award Agreement:

(a) if within two years following the effective date of a Change in Control, a Participant's employment is terminated without Cause or the Participant resigns for Good Reason, then with respect to any Awards assumed by the surviving entity or otherwise equitably converted or substituted in connection with the Change in Control:

- (i) all time-based vesting restrictions on outstanding Awards shall lapse and the Awards will become fully vested and payable, and
- (ii) unless otherwise provided in the applicable Award Agreement, the payout level under all of the Participant's performance-based Awards that were outstanding immediately prior to effective time of the Change in Control shall be determined as follows: with respect to the number of months employed during the applicable performance period associated with the unvested Awards (the "Employment Vesting Period"), the level of achievement of the Company during the Employment Vesting Period shall be based upon actual achievement of the performance goals with respect to the unvested Awards during such period and (b) with respect to the remaining months of the applicable performance period associated the unvested Awards, the level of achievement of the Company during the remaining vesting period shall be based on an assumed target level of achievement of the applicable performance goals with respect to the unvested Awards during such period. The Committee shall determine the extent to which the performance goals have been achieved and the level of achievement. The payout to the Participant shall be made as soon as reasonably practicable but in no event later than 60 days following the Participant's date of termination.

(b) Upon the occurrence of a Change in Control, and except with respect to any Awards assumed by the surviving entity or otherwise equitably converted or substituted in connection with the Change in Control:

- (i) all time-based vesting restrictions on outstanding Awards shall lapse and the Awards will become fully vested and payable, and
- (ii) unless otherwise provided in the Award Agreement, unless otherwise provided in the applicable Award Agreement, the payout level under all of the Participant's performance-based Awards that were outstanding immediately prior to effective time of the Change in Control shall be determined as follows: (a) with respect to the number of months employed during the applicable performance period associated with the unvested Awards prior to the effective date of the Change in Control (the "Pre-Change in Control Vesting Period"), the level of achievement of the Company during the Pre-Change in Control Vesting Period shall be based upon actual achievement of the performance goals with respect to the unvested Awards during such period and (b) with respect to the remaining months of the applicable performance period associated the unvested Awards, the level of achievement of the Company during the remaining vesting period shall be based on an assumed target level of achievement of the applicable performance goals with respect to the unvested Awards during such period. The Committee shall determine the extent to which the performance goals have been achieved and the level of achievement. The payout to the

Participant shall be made as soon as reasonably practicable but in no event later than 60 days following the Change in Control.

Section 4.2Definition of Change in Control. For purposes of the Plan, unless otherwise provided in an Award Agreement, a "Change in Control" shall mean an event of a nature that:

(a)any "person" (as the term is used in Sections 13(d) and 14(d) of the Exchange Act) who is not now presently but becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 25% or more of the Company's outstanding securities except for any securities purchased by any tax-qualified employee benefit plan of the Company;

(b)individuals who constitute the Board on the date hereof (the "Incumbent Board") cease for any reason to constitute at least a majority thereof, provided that any person becoming a director subsequent to the date hereof whose election was approved by a vote of at least three-quarters of the directors comprising the Incumbent Board, or whose nomination for election by the Company's stockholders was approved by the same Nominating Committee serving under an Incumbent Board, shall be, for purposes of this clause (b), considered as though he were a member of the Incumbent Board; or

(c)consummation of regulatory approval to implement a plan of reorganization, merger, consolidation, sale of all or substantially all the assets of the Company or similar transaction in which the Company is not the resulting entity or such plan, merger, consolidation, sale or similar transaction occurs; or

(d)a proxy statement soliciting proxies from shareholders of the Company shall be distributed by someone other than the current management of the Company, seeking stockholder approval of a plan of reorganization, merger or consolidation of the Company or similar transaction with one or more corporations, and, following such distribution, the outstanding shares of the class of securities then subject to the plan or transaction are exchanged for or converted into cash or property or securities not issued by the Company;

provided, however, a Change in Control will not be deemed to have occurred unless the applicable transaction also qualifies as a "change in control event" as defined in Section 409A and the regulations promulgated thereunder.

ARTICLE V - ADMINISTRATION

Section 5.1Administration. The Plan shall be administered by the Compensation Committee of the Board (the "Committee").

Section 5.2Powers of Committee. The Committee's administration of the Plan shall be subject to the following:

(a)Subject to the provisions of the Plan, the Committee will have the authority and discretion to select from among the Company's and its Subsidiaries' Eligible Employees and Directors those persons who shall receive Awards, to determine the time or times of receipt, to determine the number of Phantom Stock Units or Phantom Stock Appreciation Units covered by the Awards, to establish the terms, conditions, performance criteria (if any), restrictions (including without limitation, provisions relating to non-competition, non-solicitation and confidentiality), and other provisions of such Awards (subject to the restrictions imposed by Article 6) to cancel or suspend Awards and to reduce, eliminate or accelerate any restrictions or vesting requirements applicable to an Award at any time after the grant of the Award, provided, however, that any such action shall be invalid if it violates the requirements of Code Section 409A.

(b)The Committee will have the authority and discretion to interpret the Plan, to establish, amend and rescind any rules and regulations relating to the Plan, and to make all other determinations that may be necessary or advisable for the administration of the Plan. The Committee shall have the power to determine whether and when Awards shall be forfeited in accordance with the requirements of the Company's clawback policy.

(c)The Committee will have the authority to define terms not otherwise defined herein.

(d)Any interpretation of the Plan by the Committee and any decision made by it under the Plan is final and binding on all persons.

(e)In controlling and managing the operation and administration of the Plan, the Committee shall take action in a manner that conforms to the certificate of incorporation and bylaws of the Company and applicable state corporate law.

Section 5.3Delegation by Committee. Except to the extent prohibited by applicable law, the Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it. The acts of

such delegates shall be treated hereunder as acts of the Committee and such delegates shall report regularly to the Committee regarding the delegated duties and responsibilities and any Awards so granted. Any such allocation or delegation may be revoked by the Committee at any time.

Section 5.4Information to be Furnished to Committee. As may be permitted by applicable law, the Company and its Subsidiaries shall furnish the Committee with such data and information as it determines may be required for it to discharge its duties. The records of the Company and its Subsidiaries as to a Participant's employment, termination of employment, leave of absence, reemployment and compensation shall be conclusive on all persons unless determined by the Committee to be manifestly incorrect. Subject to applicable law, Participants and other persons entitled to benefits under the Plan must furnish the Committee such evidence, data or information as the Committee considers desirable to carry out the terms of the Plan.

Section 5.5Committee Action. The Committee shall hold such meetings, and may make such administrative rules and regulations with respect to the Plan, as it may deem proper. Any person dealing with the Committee shall be fully protected in relying upon any written notice, instruction, direction or other communication signed by a member of the Committee or by a representative of the Committee authorized to sign the same in its behalf.

ARTICLE 6 - AMENDMENT AND TERMINATION

Section 6.1General. The Board may, as permitted by law, at any time, amend or terminate the Plan, and may amend any Award Agreement, provided that no amendment or termination (except as provided in **Section 2.4**, **Section 3.2** and **Section 6.2**) may, in the absence of written consent to the change by the affected Participant (or, if the Participant is not then living, the affected beneficiary), adversely impair the rights of any Participant or beneficiary under any Award that was granted under the Plan prior to the date such amendment is adopted by the Board.

Section 6.2Amendment to Conform to Law and Accounting Changes. Notwithstanding any provision in this Plan or any Award Agreement to the contrary, the Committee may amend the Plan or an Award Agreement, to take effect retroactively or otherwise, as deemed necessary or advisable for the purpose of (i) conforming the Plan or the Award Agreement to any law or regulation relating to plans of this or similar nature (including, but not limited to, Code Section 409A), or (ii) avoiding an accounting treatment resulting from an accounting pronouncement or interpretation thereof issued by the Securities Exchange Commission or Financial Accounting Standards Board subsequent to the adoption of the Plan or the making of the Award affected thereby, which in the sole discretion of the Committee, may materially and adversely affect the financial condition or results of operations of the Company. By accepting an Award under this Plan, each Participant agrees and consents to any amendment made pursuant to this **Section 6.2** to any Award granted under this Plan without further consideration or action.

ARTICLE 7 – SOURCE OF BENEFITS

Section 7.1Benefits Payable From General Assets. Amounts payable hereunder shall be paid exclusively from the general assets of the Company, and no person entitled to payment hereunder shall have any claim, right, security interest, or other interest in any fund, trust, account, insurance contract, or asset of the Company or any Subsidiary from which payments may be made. The rights of each Participant hereunder shall be solely those of an unsecured creditor of the Company. The Company's liability for payment of any benefits hereunder shall be evidenced only by this Plan and each Award Agreement entered into between the Company and a Participant.

Section 7.2Investments to Facilitate Payment of Benefits. The Company shall not be obligated to invest in any specific asset or fund. However, in order to provide the means for the payment of any liabilities under this Plan, the Company may elect to do so and, in such event, no Participant shall have any interest whatever in such asset or fund.

Section 7.3Trust. Nothing contained in this Plan, and no action taken pursuant to the provisions of this Plan shall create or be construed to create a trust of any kind or a fiduciary relationship between a Participant and the Company; *provided, however,* that the Company may establish a separate trust to accumulate funds to discharge its obligations hereunder. Any such trust does not cause the Plan to be considered to be funded for purposes of Title I of the Employment Income Security Act of 1974, as amended ("ERISA"). The Participant and his or her beneficiary shall have no right, title or interest in any such trust.

ARTICLE 8 - GENERAL TERMS

Section 8.1No Implied Rights.

(a) *No Contractual Right to Employment or Future Awards.* The Plan does not constitute a contract of employment, and selection as a Participant will not give any participating employee the right to be retained in the employ of the Company or any Subsidiary or any right or claim to any benefit under the Plan, unless such right or claim has specifically accrued under the terms of the Plan. No individual shall have the right to be selected to receive an Award under this Plan, or, having been so selected, to receive a future Award under this Plan.

(b) *No Rights as a Shareholder.* No Award under the Plan shall confer upon the holder thereof any rights as a shareholder of the Company.

Section 8.2Transferability. Awards under the Plan are not transferable except as designated by the Participant by will or by the laws of descent and distribution or pursuant to a qualified domestic relations order, as defined in the Code or Title I of ERISA.

Section 8.3Designation of Beneficiaries. A Participant hereunder may file with the Company a written designation of a beneficiary or beneficiaries under this Plan and may from time to time revoke or amend any such beneficiary designation. Any designation of beneficiary under this Plan shall be controlling over any other disposition, testamentary or otherwise; *provided, however,* that if the Committee is in doubt as to the entitlement of any such beneficiary to any Award, the Committee may determine to recognize only the legal representative of the Participant, in which case the Company, the Committee and the members thereof shall not be under any further liability to anyone.

Section 8.4Non-Exclusivity. The adoption of this Plan by the Board shall not be construed as creating any limitations on the power of the Board or the Committee to adopt such other incentive arrangements as either may deem desirable, including, without limitation, the granting of Phantom Stock Units or Phantom Stock Appreciation Units other than under the Plan.

Section 8.5Award Agreement. Each Award granted under the Plan shall be evidenced by an Award Agreement. A copy of the Award Agreement, in any medium chosen by the Committee, shall be provided (or made available electronically) to the Participant, and the Committee may require that the Participant sign a copy of the Award Agreement.

Section 8.6Form and Time of Elections. Unless otherwise specified herein, each election required or permitted to be made by any Participant or other person entitled to benefits under the Plan, and any permitted modification, or revocation thereof, shall be filed with the Company at such times, in such form, and subject to such restrictions and limitations, not inconsistent with the terms of the Plan, as the Committee shall require.

Section 8.7Evidence. Evidence required of anyone under the Plan may be by certificate, affidavit, document or other information that the person acting on it considers pertinent and reliable, and signed, made or presented by the proper party or parties.

Section 8.8Tax Withholding. Where a Participant is entitled to receive a cash payment upon the vesting of a Phantom Stock Unit or Phantom Stock Appreciation Unit Award, the Company shall have the right to withhold from such payment any amount of tax that the Company is required to withhold.

Section 8.9Action by the Company or Subsidiary. Any action required or permitted to be taken by the Company or any Subsidiary shall be by resolution of its board of directors, or by action of one or more members of the

Board (including a committee of the Board) who are duly authorized to act for the Board, or (except to the extent prohibited by applicable law or applicable rules of any stock exchange) by a duly authorized officer of the Company or such Subsidiary.

Section 8.10Successors. All obligations of the Company under this Plan shall be binding upon and inure to the benefit of any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation or otherwise, of all or substantially all of the business, stock, and/or assets of the Company.

Section 8.11Indemnification. To the fullest extent permitted by law and the Company's certificate of incorporation, each person who is or shall have been a member of the Committee, or of the Board, or an officer of the Company to whom authority was delegated in accordance with **Section 5.3**, or an Eligible Employee of the Company, shall be indemnified and held harmless by the Company against and from any loss (including amounts paid in settlement), cost, liability or expense (including reasonable attorneys' fees) that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan and against and from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such action, suit, or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf, unless such loss, cost, liability, or expense is a result of his or her own willful misconduct, bad faith or gross negligence or except as expressly provided by law. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's certificate of incorporation or bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

Section 8.12Restriction on Alienation of Benefits. No right or benefit under this Plan or an Award Agreement shall be subject to anticipation, alienation, sale, assignment, pledge, encumbrance, or charge; any attempt to alienate, sell, assign, pledge, encumber, or charge the same shall be void. No right or benefit under this Plan or under any Award Agreement shall in any manner be liable for or subject to the debts, contracts, liabilities, or torts of the person entitled to such benefit.

Section 8.13Governing Law. The Plan will be administered in accordance with the laws of the State of New Jersey.

Section 8.14Validity. If any provision of this Plan is determined to be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal or invalid provision has never been included herein.

Section 8.15Notice. Unless otherwise provided in an Award Agreement, all written notices and all other written communications to the Company provided for in the Plan or in any Award Agreement, shall be delivered personally or sent by registered or certified mail, return receipt requested, postage prepaid (**provided that international mail shall be sent via overnight or two-day delivery**), or sent by facsimile or prepaid overnight courier to the Company at its principal executive office. Such notices, demands, claims and other communications shall be deemed given:

(a)in the case of delivery, by overnight service with guaranteed next day delivery, the next day or the day designated for delivery;

(b)in the case of certified or registered U.S. mail, five (5) days after deposit in the U.S. mail; or

(c)in the case of facsimile, the date upon which the transmitting party received confirmation of receipt by facsimile, telephone or otherwise;

provided, however, that in no event shall any such communications be deemed to be given later than the date they are actually received, provided they are actually received. In the event a communication is not received, it shall only be deemed received upon the showing of an original of the applicable receipt, registration or confirmation from the applicable delivery service provider. Communications that are to be delivered by the U.S. mail or by overnight service to the Company shall be directed to the attention of the Company's Chief Executive Officer and to the Corporate Secretary.

Section 8.16Dispute Resolution/Arbitration. The parties shall attempt in good faith to resolve any claim, controversy, or dispute of whatever nature arising between the parties (a "Dispute"), including, but not limited to, those arising out of or relating to this Plan, any Award Agreement, or any other related documents, whether arising out of contract, tort, statute, or otherwise, promptly by negotiations between the parties. If the Dispute cannot be settled through direct negotiations, the parties shall participate in mediation administered by the American Arbitration Association under its Commercial Mediation Rules before resorting to arbitration. Thereafter, any unresolved Dispute shall be settled by binding arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules. The arbitration proceedings shall be conducted before a neutral arbitrator who is a member of the Bar of the State of New Jersey, has been actively engaged in the practice of law for at least fifteen (15) years and has substantial experience in connection with business transactions and interpretation of contracts. Upon the request of either party, the arbitrator's award shall include findings of fact and conclusions of law. Either party may seek review of the arbitrator's award before an arbitration review panel, comprised of three (3) arbitrators qualified in the same manner as the initial arbitrator (as set forth above). Review by the arbitration review panel must be requested in writing within ten (10) days of the initial arbitrator's award of such review. The arbitration review panel shall be entitled to review all findings of fact and conclusions of law and conduct the review process in such manner as deemed appropriate by the arbitration review panel. The arbitration review panel shall have authority to modify the award under review in its discretion. Unless otherwise deemed appropriate by the arbitrator(s), the prevailing party shall be entitled to an award of all reasonable out-of-pocket costs and expenses (including attorneys' and arbitrators' fee) related to the arbitration proceeding. The decision of the arbitrator(s), after exhausting the review provided above, shall be deemed the "arbitration award" and may be enrolled as a final judgment as otherwise provided by law.

ARTICLE 9 - DEFINED TERMS;CONSTRUCTION

Section 9.1In addition to the other definitions contained herein, unless otherwise specifically provided in an Award Agreement, the following definitions shall apply:

(a) **"Award"**means an Award of Phantom Stock Units or Phantom Stock Appreciation Units under the Plan.

(b) **"Award Agreement"** means the document (in whatever medium prescribed by the Committee) that evidences the terms and conditions of an Award. Such document is referred to as an agreement regardless of whether Participant signature is required.

(c) **"Board"** means the Board of Directors of the Company.

(d) If the Participant is subject to a written employment agreement (or other similar written agreement) with the Company or a Subsidiary that provides a definition of termination for "cause," then, for purposes of this Plan, the term **"Cause"** shall have meaning set forth in such agreement. In the absence of such a definition, "Cause" means the Participant's personal dishonesty, incompetence, willful misconduct, any breach of fiduciary duty involving personal profit, intentional failure to perform stated duties, willful violation of any law, rule, or regulation (other than traffic violations or similar offenses) or final cease-and-desist order.

(e) **"Change in Control"** has the meaning ascribed to it in **Section 4.2**.

(f) **"Code"** means the Internal Revenue Code of 1986, as amended, and any rules, regulations and guidance promulgated thereunder, as modified from time to time.

- (g) **"Committee"** means the Committee acting under **Article 5**.
- (h) **"Deferred Compensation"** has the meaning ascribed to it in **Section 2.4**.
- (i) **"Determination Date"** means the last day of the month occurring immediately preceding the date on which an Award vests.
- (j) **"Director"** means a member of the Board or a member of the board of directors of a Subsidiary.

(k) If the Participant is subject to a written employment agreement (or other similar written agreement) with the Company or a Subsidiary that provides a definition of **"Disability"** or **"Disabled,"** then, for purposes of this Plan, the terms **"Disability"** or **"Disabled"** shall have meaning set forth in such agreement. In the absence of such a definition, **"Disability"** or **"Disabled"** means that a Participant: (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months; or (ii) is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering the Company's Eligible Employees.

(l) **"Eligible Employee"** means any employee of the Company or any Subsidiary who the Committee believes has made a key contribution to the organization. Directors who are also employees of the Company or a Subsidiary shall be considered Eligible Employees under the Plan.

(m) **"Fair Market Value"** means the fair market value of a share of Company common stock as determined by the Committee in its sole discretion using a method that complies with Section 409A of the Code; provided, however, that (A) if the shares of Company common stock are listed on NASDAQ, the New York Stock Exchange or other national securities exchange, Fair Market Value on any date shall be the last sale price reported for the shares of Company common stock on such exchange on such date or on the last date preceding such date on which a sale was reported, or (B) if Company common stock is not listed on an Exchange, **"Fair Market Value"** shall mean a price determined by the Committee in good faith on the basis of objective criteria consistent with the requirements of Code Section 422 and applicable provisions of Code Section 409A.

(n) **"Good Reason"** means, with respect to an Eligible Employee, any of the following:

- (i) a material reduction in the Eligible Employee's base salary or base compensation;
- (ii) a material diminution in the Eligible Employee's authority, duties or responsibilities without the written consent of Participant;
- (iii) a change in the geographic location at which the Eligible Employee must perform his or her duties that is more than twenty-five (25) miles from the location of Participant's principal workplace on the date of this Agreement; or
- (iv) in the event an Eligible Employee is a party to an employment or change in control agreement that provides a definition for **"Good Reason"** or a substantially similar term, then the occurrence of any event set forth in such definition;

provided that for a termination to be deemed for Good Reason, the Eligible Employee must give, within the ninety (90) day period commencing on the initial existence of the condition(s) constituting Good Reason, written notice of the intention to terminate for Good Reason, and, upon receipt of such notice, the Company shall have a thirty (30) day period within which to cure such condition(s); and provided further that the Company may waive such right to notice and opportunity to cure. In no event may facts or circumstances constituting **"Good Reason"** arise after the occurrence of facts or circumstances that the Company relies upon, in whole or in material part, in terminating the Eligible Employee for Cause.

(o) **"Grant Date"** means the date that an Award is granted to a Participant by the Committee.

(p) **"Participant"** means any individual who has received, and currently holds, an outstanding Award under the Plan.

(q) **"Phantom Stock Unit"** means the right to receive a cash payment within 75 days following the date a Phantom Stock Unit becomes vested in an amount equal to the Fair Market Value on the Determination Date.

(r) **"Phantom Stock Appreciation Unit"** means the right to receive a cash payment within 75 days following the date a Phantom Stock Appreciation Unit becomes vested equal to the positive difference between the Strike Price on the Grant Date and the Fair Market Value on the Determination Date.

(s) **"Retirement"** means the retirement from active employment of an employee or officer, but only if such person meets all of the following requirements: (i) the Participant has a minimum combined total of years of Service to the Company or any Subsidiary (excluding Service to any acquired company) and age equal to eighty (80), (ii) the Participant is age sixty-two (62) or older, and (iii) the Participant provides six (6) months prior written notice to the Company of the retirement. For Directors, the term "Retirement" shall mean the date on which the Director ceases to be a member of the Board after both attaining age sixty (60) and completing at least ten (10) years of Service on the Board. A non-employee Director will be deemed to have terminated due to Retirement under the provisions of this Plan only if the non-employee Director has terminated Service on the Board(s) of Directors of the Company and the Bank in accordance with applicable Company policy, following the provision of written notice to such Board(s) of Directors of the non-employee Director's intention to retire. A non-employee Director who continues in Service as a director emeritus or advisory director shall be deemed to be in Service of the Employer for purposes of vesting of Awards.

(t) **"Service"** means the uninterrupted provision of services as an employee or Director of the Company or a Subsidiary, as the case may be, and includes service as a director emeritus or advisory director. Service will not be deemed interrupted in the case of (i) any approved leave of absence for military service or sickness, or for any other purpose approved by the Company or a Subsidiary, if the employee's right to re-employment is guaranteed either by a statute or by contract or under the policy pursuant to which the leave of absence was granted or if the Committee otherwise so provides in writing, (ii) transfers among the Company, any Subsidiary, or any successor entities, in any capacity of employee, Director, or (iii) any change in status as long as the individual remains in the service of the Company or a Subsidiary in any capacity of employee, Director (except as otherwise provided in the Award Agreement).

(u) **"Service Provider"** means any natural person (other than an Director, solely with respect to rendering services in such person's capacity as a Director) who is engaged by the Company or any Subsidiary to render consulting or advisory services to the Company or the Subsidiary and the services are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Stock.

(v) **"Separation from Service"** means the first day occurring on or after a Grant Date on which the Participant ceases to be an employee or Director (including a director emeritus or advisory director) of the Company or any Subsidiary, regardless of the reason for such cessation, subject to the following:

(i) The Participant's cessation of Service as an Employee shall not be deemed to occur by reason of the transfer of the Participant between the Company and a Subsidiary or between two Subsidiaries.

(ii) The Participant's cessation as an employee shall not be deemed to occur by reason of the Participant's being on a bona fide leave of absence from the Company or a Subsidiary approved by the Company or Subsidiary otherwise receiving the Participant's Services, provided the leave of absence does not exceed six (6) months, or if longer, so long as the employee retains a right to re-employment with the Company or Subsidiary under an applicable statute or by contract. For these purposes, a leave of absence constitutes a bona fide leave of absence only if there is a reasonable expectation that the employee will return to perform Services for the Company or Subsidiary. If the period of leave exceeds six (6) months and the employee does not retain a right to re-employment under an applicable statute or by contract, the employment relationship is deemed to terminate on the first day immediately following the six-month period. For purposes of this sub-section, to the extent applicable, an employee's leave of absence shall be interpreted by the Committee in a manner consistent with Treasury Regulation Section 1.409A-1(h)(1).

(iii) If, as a result of a sale or other transaction, the Subsidiary for whom Participant is employed (or to whom the Participant is providing Services) ceases to be a Subsidiary, and the Participant is not, following the transaction, an employee of the Company or an entity that is then a Subsidiary, then the occurrence of the transaction shall be treated as the Participant's Separation from Service caused by the Participant being discharged by the entity by which the Participant is employed or to which the Participant is providing Services.

(iv) Except to the extent Code Section 409A may be applicable to an Award, and subject to the foregoing paragraphs of this sub-section, the Committee shall have discretion to determine if a Separation from Service has occurred and the date on which it occurred. If any Award under the Plan constitutes Deferred Compensation, the term Separation from Service shall be interpreted by the Committee in a manner consistent with the definition of "Separation from Service" as defined under Code Section 409A and under Treasury Regulation Section 1.409A-1(h)(ii). For purposes of this Plan, a "Separation from Service" shall have occurred if the employer and Participant reasonably anticipate that no further Services will be performed by the Participant after the date of the Separation from Service (whether as an employee) or the level of further Services performed will be less than 50% of the average level of bona fide Services in the thirty-six (36) months immediately preceding the Separation from Service. If a Participant is a "Specified Employee," as defined in Code Section 409A and any payment to be made hereunder shall be determined to be subject to Code Section 409A, then if

required by Code Section 409A, the payment or a portion of the payment (to the minimum extent possible) shall be delayed and shall be paid on the first day of the seventh month following Participant's Separation from Service.

(v) With respect to a Participant who is a Director, cessation as a Director will not be deemed to have occurred if the Participant continues as a director emeritus or advisory director. With respect to a Participant who is both an employee and a Director, termination of employment as an employee shall not constitute a Separation from Service for purposes of the Plan so long as the Participant continues to provide Service as a Director or director emeritus or advisory director.

(w) **"Strike Price"** means the price established with respect to a Phantom Stock Appreciation Unit on the Grant Date; *provided, however,* the Strike Price shall not be less than the Fair Market Value on the Grant Date.

(x) **"Subsidiary"** means any corporation, affiliate, bank or other entity that would be a subsidiary corporation with respect to the Company as defined in Code Section 424(f) and shall also mean any partnership or joint venture in which the Company and/or other Subsidiary owns more than fifty percent (50%) of the capital or profits interests.

Section 9.2 In this Plan, unless otherwise stated or the context otherwise requires, the following uses apply:

(a) actions permitted under this Plan may be taken at any time and from time to time in the actor's reasonable discretion;

(b) references to a statute shall refer to the statute and any successor statute, and to all regulations promulgated under or implementing the statute or its successor, as in effect at the relevant time;

(c) in computing periods from a specified date to a later specified date, the words "from" and "commencing on" (and the like) mean "from and including," and the words "to," "until" and "ending on" (and the like) mean "to, but excluding";

(d) references to a governmental or quasi-governmental agency, authority or instrumentality shall also refer to a regulatory body that succeeds to the functions of the agency, authority or instrumentality;

(e) indications of time of day mean Eastern Time;

(f) "including" means "including, but not limited to";

(g) all references to sections, schedules and exhibits are to sections, schedules and exhibits in or to this Plan unless otherwise specified;

(h) all words used in this Plan will be construed to be of such gender or number as the circumstances and context require;

(i) the captions and headings of articles, sections, schedules and exhibits appearing in or attached to this Plan have been inserted solely for convenience of reference and shall not be considered a part of this Plan nor shall any of them affect the meaning or interpretation of this Plan or any of its provisions;

(j) any reference to a document or set of documents in this Plan, and the rights and obligations of the parties under any such documents, shall mean such document or documents as amended from time to time, and any and all modifications, extensions, renewals, substitutions or replacements thereof; and

(k) all accounting terms not specifically defined herein shall be construed in accordance with accounting principles generally accepted in the United States of America.

[Signature Page Follows]

IN WITNESS WHEREOF, a designated officer of Peapack-Gladstone Financial Corporation has executed this Plan as of 22nd day of February, 2024.

ATTEST:PEAPACK-GLADSTONE FINANCIAL CORPORATION

By:

Kenneth Geiger Frank A. Cavallaro

Senior Vice President-Managing PrincipalSenior Executive Vice President

General Counsel & Corporate SecretaryChief Financial Officer

EXHIBIT 10.2

PHANTOM STOCK UNIT

(Time-Based)

Granted by

PEAPACK-GLADSTONE FINANCIAL CORPORATION

under the
PEAPACK-GLADSTONE FINANCIAL CORPORATION
2024 PHANTOM STOCK PLAN

This phantom stock unit award agreement ("Agreement") is and shall be subject in every respect to the provisions of the Peapack-Gladstone Financial Corporation 2024 Phantom Stock Plan (the "Plan") of Peapack-Gladstone Financial Corporation (the "Company"). The individual recipient of this Agreement (the "Participant") hereby accepts the award ("Award") of phantom stock units ("Phantom Stock Units") made hereunder, subject to all the terms and provisions of the Plan and this Agreement, and agrees that all decisions under and interpretations of the Plan and this Agreement by the committee appointed to administer the Plan ("Committee") or the Board of Directors of the Company ("Board") shall be final, binding and conclusive upon the Participant and the Participant's heirs, legal representatives, successors and permitted assigns. A copy of the Plan has been provided to the Participant. Except where the context otherwise requires, the term "Company" shall include the parent and all present and future subsidiaries of the Company as defined in Section 424(e) and 424(f) of the Internal Revenue Code of 1986, as amended from time to time (the "Code"). Capitalized terms used herein but not defined shall have the same meaning as in the Plan.

1. **Name of Participant:**
2. **Grant Date:**
3. **Total number of Phantom Stock Units subject to this Award:**
4. **Vesting Date(s) of Phantom Stock Units:**
5. **Vesting Acceleration.** Except as otherwise provided in this Agreement, vesting will automatically accelerate pursuant to Section 4.1 of the Plan (in connection with a Change in Control (as defined in Section 4.2 of the Plan)) or Section 2.5 of the Plan (in the event of Retirement (as defined in 9.1(s) of the Plan), Disability (as defined in Section 9.1(k) of the Plan), or death).
6. **Settlement of Awards.** Phantom Stock Units that have vested shall be settled by a payment of the cash value of the Award, which will be equal to the value of a Phantom Stock Unit on the Determination Date (as defined in Section 9.1(i) of the Plan). The cash payment shall be made within seventy-five (75) days following the "Vesting Date" (as determined under paragraph 4 above).
7. **Change in Control.**

In the event of a Change in Control (as defined in Section 4.2 of the Plan), all Phantom Stock Units held by the Participant will vest in accordance with Section 4.1 of the Plan. The cash value of the Phantom Stock Units will be paid to the Participant within seventy-five (75) days of vesting.
8. **Effect of Certain Corporate Transactions.** In the event the Company adopts a plan that contemplates any recapitalization, reclassification, forward or reverse stock split, reorganization, merger, consolidation, spin-off, combination, or exchange of shares of Company common stock or other securities, stock dividend or other special and non-recurring dividend or distribution (whether in the form of cash, securities or other property), liquidation, dissolution, or increase or decrease in the number of shares of Stock (as defined in Section 3.2 of the Plan) without consideration, or similar corporate transaction or event, then the Committee may, in its sole discretion, adjust the terms and conditions of this Agreement (including the value and number of Phantom Stock Units awarded) as appropriate in accordance with Section 3.2 of the Plan.
9. **Termination of Phantom Stock Unit and Accelerated Vesting.** This Phantom Stock Unit shall vest upon the Vesting Date unless vested or terminated earlier under Section 7 (in connection with a Change in Control) or due to any of the following:
 - 9.1 **Death.** This Phantom Stock Unit shall vest in full in the event of the Participant's Separation from Service (as defined in 9.1(v) of the Plan) by reason of the Participant's death. Payment of the cash value of the Phantom Stock Units will be made no later than seventy-five (75) days after the Participant's Separation from Service.
 - 9.2 **Disability.** This Phantom Stock Unit shall vest in full in the event of the Participant's Separation from Service by reason of Disability. Payment of the cash value of the Phantom Stock Units will be made no later than seventy-five (75) days after the Participant's Separation from Service.
 - 9.3 **Retirement.** This Phantom Stock Unit shall vest in full in the event of the Participant's Separation from Service by reason of Retirement. Payment of the cash value of the Phantom Stock Units will be made no later than seventy-five (75) days after the Participant's Separation from Service.
 - 9.4 **Termination for Cause.** If the Participant's Service has been terminated for Cause (as defined in Section 9.1(d) of the Plan), this Phantom Stock Unit shall immediately terminate and be of no further force and effect. The Board shall have sole authority and discretion to determine whether the Participant's employment has been terminated for Cause.

9.5 Other Termination. If the Participant's Service terminates voluntarily or for any reason other than Retirement, death, Disability, involuntary termination without Cause, or resignation for Good Reason (as defined in Section 9.1(n) of the Plan) within two years following a Change in Control, this Phantom Stock Unit shall immediately terminate and be of no further force and effect.

10. Miscellaneous.

10.1 No Phantom Stock Unit shall confer upon the Participant any rights as a shareholder of the Company.

10.2 This Agreement may not be amended or otherwise modified unless evidenced in writing and signed by the Company and the Participant except to the extent amendment or modification is necessary to comply with applicable law; provided, that such amendment or modification does not impair, decrease, or harm the Participant's benefits or rights provided hereunder.

10.3 Except as otherwise provided by the Committee, Phantom Stock Units under the Plan are not transferable other than by will or by the laws of descent and distribution or pursuant to a qualified domestic relations order.

10.4 This Award shall be administered in accordance with the laws of the State of New Jersey.

10.5 The granting of this Phantom Stock Unit does not confer upon the Participant any right to be retained in the employ or service of the Company or any subsidiary.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused this instrument to be executed in its name and on its behalf as of the date of grant of this Phantom Stock Unit set forth above.

PEAPACK-GLADSTONE FINANCIAL CORPORATION

By:

Its:

PARTICIPANT'S ACCEPTANCE

The undersigned hereby accepts the foregoing Phantom Stock Unit and agrees to the terms and conditions hereof, including the terms and provisions of the Peapack-Gladstone Financial Corporation 2024 Phantom Stock Plan. The undersigned hereby acknowledges receipt of a copy of the Plan.

PARTICIPANT

EXHIBIT 10.3

PHANTOM STOCK UNITS

(Performance-Based)

Granted by

PEAPACK-GLADSTONE FINANCIAL CORPORATION

under the
PEAPACK-GLADSTONE FINANCIAL CORPORATION
2024 PHANTOM STOCK PLAN

This Performance Award Agreement for Phantom Stock Units ("Performance Phantom Stock Awards" or "Agreement") is and will be subject to the provisions of the 2024 Phantom Stock Plan (the "Plan") of Peapack-Gladstone Financial Corporation (the "Company") which are incorporated herein by reference and made a part hereof. A copy of the Plan has been provided or made available to each person granted a Performance Phantom Stock Award pursuant to the Plan. The holder of these Performance Phantom Stock Awards (the "Participant") hereby accepts these Performance Phantom Stock Awards, subject to all the terms and provisions of the Plan and this Agreement, and agrees that all decisions under and interpretations of the Plan and this Agreement by the Compensation Committee of the Board of Directors of the Company (the "Committee") will be final, binding and conclusive upon the Participant and the Participant's heirs, legal representatives, successors and permitted assigns. Capitalized terms used herein but not defined will have the same meaning as in the Plan.

- (A) **Participant.** The Company hereby grants this Performance Phantom Stock Award to the Participant as set forth in [Exhibit C](#).
- (B) **Date of Grant.** This Performance Phantom Stock Award is made as of the date set forth on [Exhibit C](#).
- (C) **Total Number of Units subject to this Performance Phantom Stock Award (at Target level).** The Company hereby grants the Participant the number Phantom Stock Units (the "Units") set forth in [Exhibit C](#). The Performance Phantom Stock Award and the Units shall be subject to the terms and conditions set forth in this Agreement and the provisions of the Plan.
The number of Units to be earned under this the Performance Phantom Stock Award may increase or decrease depending on whether the performance conditions are satisfied as set forth in [Exhibit A](#).

4. Phantom Stock Units.

Each Unit granted represents the right to receive a cash payment equal to the Fair Market Value (as defined in Section 9.1(m) of the Plan) of one share of the Company's common stock ("Stock") as of the Determination Date (as defined in Section 9.1(i) of the Plan) in accordance with this Agreement and the Plan.

- 5. **Performance Goal(s)/Vesting Schedule.** Except as otherwise provided in this Agreement, the number of Performance Phantom Stock Awards earned at the end of the measurement period (referred to herein as the "Performance Period") is based on the level of achievement of the performance goal(s) set forth in this Agreement. The Performance Period for the Performance Phantom Stock Awards is the period, commencing on the date and ending on the date set forth in [Exhibit A](#). In order to vest in/earn the Performance Phantom Stock Awards: (i) the Committee must certify in writing the level at which the performance measure was achieved; and (ii) the Participant must be employed on the Determination Date, unless the Performance Phantom Stock Awards vest/are earned prior to the Determination Date pursuant to Sections 7 or 9 of this Agreement.

The performance measures for the Performance Phantom Stock Awards is set forth in [Exhibit A](#).

6. Settlement of Performance Phantom Stock Awards.

Subject to Sections 7, 9, and 10.9, as soon as practicable, but no later than 75 days, after the Determination Date (the "Payment Date"), the Company shall, if applicable, provide a cash payment to the Participant that corresponds to the value of his or her vested Performance Phantom Stock Awards.

7. Change in Control.

- 7.1 **Performance Phantom Stock Awards Are Assumed or Substituted by a Surviving Entity.** With respect to Performance Phantom Stock Awards that are assumed by the surviving entity or otherwise equitably converted or substituted in connection with a Change in Control (as defined in Section 4.2 of the Plan), and within two years following the effective date of a Change in Control, the Participant is terminated without Cause (as defined in Section 9.1(d) of the Plan) or resigns for Good Reason (as defined in Section 9.1(n) of the Plan), the Participant will vest in/earn a portion or all of the Performance Phantom Stock Awards as follows: (a) with respect to the number of months employed during the applicable Performance Period associated with the unvested Performance Phantom Stock Awards (the "Employment Vesting Period"), the level of achievement of the Company during the Employment Vesting Period shall be based upon actual achievement of the performance goals with respect to the unvested Performance Phantom Stocks during such period and (b) with respect to the remaining months of the applicable Performance

Period associated the unvested Performance Phantom Stock Awards (the “**Remaining Vesting Period**”), the level of achievement of the Company during the Remaining Vesting Period shall be based on an assumed target level of achievement of the applicable performance goals with respect to the unvested Performance Phantom Stock Awards during such period. The Committee shall determine the extent to which the performance goals have been achieved and the level of achievement. The payout to the Participant shall be made as soon as reasonably practicable but in no event later than 60 days following the Participant’s date of termination.

7.2 Performance Phantom Stock Awards Are Not Assumed or Substituted by a Surviving Entity. With respect to Performance Phantom Stock Awards that are *not* assumed by the surviving entity or otherwise equitably converted or substituted in connection with a Change in Control, in the event of a Change in Control, the Participant will vest in/earn a portion or all of the Performance Phantom Stock Awards as follows: (a) with respect to the number of months employed during the applicable Performance Period associated with the unvested Performance Phantom Stock Awards prior to the effective date of the Change in Control (the “**Pre-Change in Control Vesting Period**”), the level of achievement of the Company during the Pre-Change in Control Vesting Period shall be based upon actual achievement of the performance goals with respect to the unvested Performance Phantom Stocks during such period and (b) with respect to the remaining months of the applicable Performance Period associated the unvested Performance Phantom Stock Awards (the “**Remaining Vesting Period**”), the level of achievement of the Company during the Remaining Vesting Period shall be based on an assumed target level of achievement of the applicable performance goals with respect to the unvested Performance Phantom Stock Awards during such period. The Committee shall determine the extent to which the performance goals have been achieved and the level of achievement. The payout to the Participant shall be made as soon as reasonably practicable but in no event later than 60 days following the Change in Control.

7.3A “Change in Control” will be deemed to have occurred as defined in accordance with the Plan, provided, however, that to the extent necessary to comply with Section 409A of the Code, a “Change in Control will not be deemed to occur unless the transaction constitutes a “change in control” pursuant to Section 409A of the Code.

8. Effect of Certain Corporate Transactions.

The Performance Phantom Stock Awards will be adjusted based on actual achievement at the end of the Performance Period.

In addition, in the event the Company adopts a plan that contemplates any recapitalization, reclassification, forward or reverse stock split, reorganization, merger, consolidation, spin-off, combination, or exchange of shares of Company common stock or other securities, stock dividend or other special and non-recurring dividend or distribution (whether in the form of cash, securities or other property), liquidation, dissolution, or increase or decrease in the number of shares of Stock (as defined in Section 3.2 of the Plan) without consideration, or similar corporate transaction or event, then the Committee may, in its sole discretion, adjust the terms and conditions of this Agreement (including the value and number of Phantom Stock Units awarded) as appropriate in accordance with Section 3.2 of the Plan.

9. Effect of Termination of Service on Performance Award.

9.1 The Performance Phantom Stock Awards will vest as follows:

- i. **Death.** In the event of the Participant’s termination of Service (as defined in Section 9.1(i) of the Plan) by reason of the Participant’s death prior to the completion of the Performance Period, the number of Units subject to this Performance Phantom Stock Award shall vest, pro-rata, by multiplying (i) the number of Units that would be obtained based on achievement at target (or at actual achievement level, if greater than the target level) as of the date of death by (ii) a fraction, the numerator of which is the number of whole months the Participant was in Service during the Performance Period and the denominator of which is the number of months in the Performance Period.
- ii. **Disability.** In the event of the Participant’s termination of Service by reason of Disability (as defined in Section 9.1(k) of the Plan) prior to the completion of the Performance Period, the number of Units subject to this Performance Phantom Stock Award shall vest, pro-rata, by multiplying (i) the number of Awards that would be obtained based on achievement at target (or at actual achievement level, if greater than the target level) as of the date of Disability by (ii) a fraction, the numerator of which is the number of whole months the Participant was in Service during the Performance Period and the denominator of which is the number of months in the Performance Period.
- iii. **Retirement.** Unless otherwise determined pursuant to a retirement transition agreement between the Company and the

Participant (which shall constitute an amendment to this Agreement), the event of the Participant's termination of Service by reason of Retirement (as defined in Section 9.1(s) of the Plan prior to the Determination Date, a portion of the Performance Phantom Stock Awards will vest based on the achievement of performance targets, pro-rata, by multiplying (i) the number of Awards that would be obtained based on achievement at target (or at actual achievement level, if greater than the target level) as of the date of Retirement by (ii) a fraction, the numerator of which is the number of whole months the Participant was in Service during the Performance Period and the denominator of which is the number of months in the Performance Period.

iv. **Termination for Cause.** If the Participant's Service has been terminated for Cause, all Performance Phantom Stock Awards granted to the Participant hereunder will expire and be forfeited.

v. **Other Termination.** If a Participant terminates Service for any reason other than due to death, Disability, Retirement, or for Good Reason or without Cause within two (2) years

following a Change in Control, all Performance Phantom Stock Awards granted to the Participant hereunder will expire and be forfeited.

10. Miscellaneous.

10.1 No Performance Phantom Stock Awards will confer upon the Participant any rights as a stockholder of the Company.

10.2 This Agreement may not be amended or otherwise modified unless evidenced in writing and signed by the Company and the Participant.

10.3 The Performance Phantom Stock Awards are not transferable.

10.4 The Performance Phantom Stock Awards will be governed by and construed in accordance with the laws of the State of New Jersey.

10.5 The Performance Phantom Stock Awards are subject to all laws, regulations and orders of any governmental authority that may be applicable thereto and, notwithstanding any of the provisions hereof, the Company will not be obligated to tender payment hereunder if the payment of such amounts would constitute a violation of any law, regulation or order or any provision thereof.

10.6 The granting of the Performance Phantom Stock Awards does not confer upon the Participant any right to be retained in the employ of, or as a service provider to, the Company or any subsidiary.

10.7 The Company shall have the right to withhold from the payment pursuant to this Performance Phantom Stock Award any amount of tax that the Company is required to withhold.

10.8 To the extent any provision of this Agreement conflict with the terms of the Plan, the terms of the Plan shall control.

10.9 Notwithstanding any provision to the contrary and solely to the extent necessary to comply with Section 409A of the Code, if the Participant is a "specified employee" within the meaning of Section 409A of the Code and any distribution of cash with respect to the Performance Phantom Stock Awards becomes payable due to the Participant's "separation from service" within the meaning of Section 409A of the Code (hereinafter, referred to as a "**Separation from Service**"), no payment with respect to the Performance Phantom Stock Awards shall be made within with the first six months following the Participant's Separation from Service. Rather, such cash payment shall be made on the first day of the seventh month following the Participant's Separation from Service.

[Signature Page Follows on Exhibit C]

EXHIBIT A

(a) **Performance Period:**
(b) **Performance Measure:**

The performance measure for the Performance Phantom Stock Awards is based on the following:

1. 60% based on the Company's cumulative earnings per share ("EPS") growth as compared to the cumulative EPS growth of each member of a selected peer group of the Company as set forth in Exhibit B (the "Peer Group") during the Performance Period;
2. 20% based on [liquidity growth as compared to the cumulative liquidity growth of each member of the Peer Group during the Performance Period]; and
3. 20% based on [credit growth as compared to the cumulative credit growth of each member of the Peer Group during the Performance Period].

The Committee, in its sole discretion, may modify the Peer Group to reflect changes to the Peer Group members (e.g., as a result of a merger). The Committee, in its sole discretion and in accordance with the Plan, may also make adjustments to the actual EPS, liquidity and/or credit growth results of the Company to reflect non-recurring or unusual items during the Performance Period.

Vesting of the Performance Phantom Stock Awards is based on the Company's cumulative EPS growth performance relative to the Peer Group during the Performance Period as follows:

Threshold	Target	Maximum
Cumulative EPS, Liquidity, and Credit Growth During the Performance Period Compared to the Peer Group (25 th Percentile)	Cumulative EPS, Liquidity, and Credit Growth During the Performance Period Compared to the Peer Group (50 th Percentile)	Cumulative EPS, Liquidity, and Credit Growth During the Performance Period Compared to the Peer Group (75 th Percentile)

If the Company's cumulative EPS, liquidity, and credit growth during the Performance Period falls: (1) below the Threshold level; (2) between the Threshold and Target levels; or (3) between the Target and Maximum levels, the number of Performance Phantom Stock Awards earned will be calculated by interpolating between payout levels for performance between performance levels. In no event shall the number of Performance Phantom Stock Awards earned exceed the number of awards at the Maximum level, regardless if the Company's cumulative EPS, liquidity, and credit growth during the Performance Period is greater than the 75th percentile of the Peer Group.

EXHIBIT B

Peer Group

Company Name	Ticker	City	State	Cumulative EPS %		
				During	Liquidity	Credit

Company Name _____ Ticker _____ City _____ State _____ Performance Period _____

EXHIBIT C

1. Name of Participant.

2. Date of Grant. As of [DATE]

3. Total Number of Performance Phantom Stock Awards (at Target level). [#]

The number of Units covered by the Performance Phantom Stock Award to be issued may increase or decrease depending on whether the performance conditions are satisfied as set forth in Exhibit A.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed in its name and on its behalf as of the date of grant of this award set forth above.

PEAPACK-GLADSTONE FINANCIAL CORPORATION

By:

Its:

PARTICIPANT'S ACCEPTANCE

The undersigned hereby accepts the foregoing Performance Phantom Stock Awards and agrees to the terms and conditions hereof, including the terms and provisions of the 2024 Phantom Stock Plan.

PARTICIPANT

Date _____

Exhibit 10.4

AMENDED AND RESTATED

PEAPACK-GLADSTONE FINANCIAL CORPORATION RESTRICTED STOCK UNIT DEFERRED COMPENSATION PLAN

Originally effective January 1, 2017

Amended and restated effective as of October 2, 2024

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AMENDED AND RESTATED**PEAPACK-GLADSTONE FINANCIAL CORPORATION RESTRICTED STOCK UNIT DEFERRED COMPENSATION PLAN**

Amended and restated effective as of October 2, 2024

Purpose

The purpose of this Amended and Restated Restricted Stock Unit Deferred Compensation Plan, as established originally effective as of January 1, 2017, as amended and restated as of October 2, 2024 (the "Effective Date"), is to provide specified Directors and a select group of management and highly compensated Employees who contribute materially to the continued growth, development, and future business success of Peapack-Gladstone Financial Corporation with an opportunity to defer receipt of stock payable in connection with restricted stock units granted to them in connection with their Board service or employment. The Plan shall be unfunded for tax purposes and for purposes of Title 1 of ERISA.

ARTICLE I**Definitions**

For purposes of the Plan, unless otherwise clearly apparent from the context, the following phrases or terms shall have the following indicated meanings:

1.1 "Account" or "Accounts" shall mean the bookkeeping account or accounts established under this Plan for a Participant, including any subaccounts deemed necessary or advisable by the Company or administrator for the maintenance of efficient records. Each Account shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to a Participant, or his or her Beneficiary, pursuant to the Plan.

1.2 "Account Balance" shall mean, with respect to a Participant, a credit on the records of the Company equal to the sum of the Participant's RSU Deferral Accounts, Investment Account, and Dividend Contribution Account. The Account Balance shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to a Participant, or his or her Beneficiary, pursuant to the Plan.

1.3 "Affiliated Group" means (i) the Company and (ii) all entities with which the Company would be considered a single employer under Sections 414(b) and 414(c) of the Code, provided that in applying Sections 1563(a)(1), (2) and (3) of the Code for purposes of determining whether a controlled group of corporations exists under Section 414(b), the language "at least 50 percent" shall be used instead of "at least 80 percent" each place it appears in Sections 1563(a)(1), (2) and (3), and in applying Treasury Regulation Section 1.414(c)-2 for purposes of determining whether trades or businesses (whether or not incorporated) are under common control for purposes of Section 414(c), the language "at least 50 percent" shall be used instead of "at least 80 percent" each place it appears in Treasury Regulation Section 1.414(c)-2. The term "Affiliated Group" shall be interpreted in a manner consistent with the definition of "service recipient" contained in Section 409A of the Code.

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1.4 "Annual Installment Method" shall be an annual installment payment over the number of years selected by the Participant in accordance with the Plan. Each annual installment shall be calculated by multiplying the applicable Account or subaccount total by a fraction, the numerator of which is one and the denominator of which is the remaining number of annual payments due to the Participant. By way of example, if the Participant elects a ten (10) year Annual Installment Method, the first payment shall be 1/10 of the applicable vested Account, calculated as described in this definition. The following year, the payment shall be 1/9 of the applicable Account, calculated as described in this definition.

For purposes of Section 409A of the Code, an annual installment payment shall be considered a "single payment" as defined in IRS regulation 1.409A-2(b)(2)(iii).

1.5 "Beneficiary" shall mean the person or persons, designated in accordance with Article 6, who are entitled to receive benefits under the Plan upon the death of a Participant.

1.6 "Beneficiary Designation Form" shall mean the form established from time to time by the Board that a Participant completes, signs, and returns to the Board or its designee to designate one or more Beneficiaries.

1.7 "Benefit Distribution Date" shall mean the date upon which all or an objectively determinable portion of a Participant's Accounts will become eligible for distribution. Except as otherwise provided in the Plan, a Participant's Benefit Distribution Date for an Account shall be determined based on the earliest to occur of an event or scheduled date set forth in Articles 4 and 5, as applicable.

1.8 "Board" shall mean the Board of Directors of the Company or a committee appointed by the Board to administer the Plan.

1.9 "Change in Control" shall mean the occurrence of a "change in the ownership," a "change in the effective control," or a "change in the ownership of a substantial portion of the assets" of the Company within the meaning of Section 409A of the Code and the regulations promulgated thereunder.

1.10 "Change in Control Benefit" shall have the meaning set forth in Section 5.5.

1.11 "Code" shall mean the Internal Revenue Code of 1986, as it may be amended from time to time.

1.12 "Company" shall mean Peapack-Gladstone Financial Corporation and any successor to all or substantially all of the Company's assets or business.

1.13 "Dividend Contribution Amounts" shall mean the value of any cash dividends declared with respect to RSUs deferred under this Plan.

1.14 "Dividend Contribution Account" shall mean the sum of the Participant's Dividend Contributions Amounts, as adjusted for earnings, less all distributions made to the Participant or his or her Beneficiary pursuant to the Plan that relate to the Participant's Dividend Contribution Account.

1.15 "Director" shall mean any member of the Board.

1.16 "Disability" or "Disabled" shall mean the occurrence of circumstances under which a Participant meets one of the following requirements (a) the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (b) the Participant is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering employees of the Participant's employer. For purposes of this Plan, a Participant shall be deemed Disabled if determined to be totally disabled by the Social Security Administration. A Participant shall also be deemed Disabled if determined to be disabled in accordance with the applicable disability insurance program of the Company, provided that the definition of "disability" applied under such disability insurance program complies with the requirements of this Section.

1.17 "Disability Benefit" shall mean the benefit set forth in Section 5.4.

1.18 "Election Form" shall mean the form, which may be in electronic format, established from time to time by the Board that a Participant completes, signs and returns to the Board to make deferral, investment and distribution elections under the Plan.

1.19 "Employee" shall mean a person who is an employee of the Company.

1.20 "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as it may be amended from time to time.

1.21 "Investment Account" shall mean an Account or Accounts maintained for each Participant that is credited with Participant voluntary deferrals of cash (other than dividends) pursuant to the terms of the Plan, which may be invested in the Investment Funds in accordance with Section 3.6.

1.22 "Investment Fund" has the meaning set forth in Section 3.6(a).

1.23 "LTIP" shall mean the Peapack-Gladstone Financial Corporation 2012 Long-Term Stock Incentive Plan, as amended from time to time, or any successor plan, including the 2021 Long-Term Incentive Plan.

1.24 "Participant" shall mean any Employee or Director (i) who is selected to participate in the Plan, (ii) who elects to participate in the Plan, (iii) who signs an Election Form and a Beneficiary Designation Form, (iv) whose signed Election Form and Beneficiary Designation Form are accepted by the Board, (v) who commences participation in the Plan, and (vi) whose participation in the Plan has not terminated. A spouse or former spouse of a Participant shall not be treated as a Participant in the Plan or have an Account Balance under the Plan, even if he or she has an interest

in the Participant's benefits under the Plan as a result of applicable law or property settlements resulting from legal separation or divorce

1.25 "Plan" shall mean this Amended and Restated Peapack-Gladstone Financial Corporation Restricted Stock Unit Deferred Compensation Plan, as it may be amended from time to time.

1.26 "Plan Year" shall mean a period beginning on January 1 of each calendar year and continuing through December 31 of such calendar year.

1.27 "RSU" or "RSUs" mean restricted stock units, including service-based and performance-based restricted stock units, granted pursuant to the LTIP. In addition, for purposes of this Plan, RSUs shall include cash-settled RSUs granted pursuant to the LTIP, phantom stock awards granted under the Company's 2024 Phantom Stock Plan, and any cash awards granted in connection with the termination of restricted stock units granted under the LTIP.

1.28 "RSU Deferral Account" shall mean an Account or Accounts maintained for each Participant that is credited with Participant voluntary deferrals of RSUs pursuant to the terms of the Plan.

1.29 "RSU Deferral Election" means an election by a Participant, made in accordance with the Plan, to defer the receipt of all or a portion of the Shares underlying a grant of stock-settled RSUs to a date following the vesting date of the original RSU award.

1.30 "Retirement," "Retire(s)," or "Retired" shall mean, with respect to a Participant, severance from employment from the Company in such a manner as to constitute a "separation from service" as defined under Section 409A of the Code and related Treasury regulations promulgated thereunder, voluntarily or involuntarily, for any reason other than a leave of absence, death or Disability, on or after the attainment of age sixty-two (62). For this purpose, the employment relationship is treated as continuing while a Participant is on military leave, sick leave, or other bona fide leave of absence if the period of such leave does not exceed six months or, if longer, so long as the individual retains a right to reemployment with the Affiliated Group under an applicable statute or by contract. A leave of absence constitutes a bona fide leave of absence only if there is a reasonable expectation that the Participant will return to perform services for the Affiliated Group. If the period of leave exceeds six months and the Participant does not retain a right to reemployment under an applicable statute or by contract, the employment relationship is deemed to terminate on the first day immediately following such six-month period. For purposes of determining whether a Participant has Retired, a "separation from service" will have occurred only if there is a reasonable expectation that the level of services by the Participant for the Affiliated Group will permanently decrease to 20% or less of the average level of services provided during the previous 36 months (or, if shorter, the actual period of services).

1.31 "Retirement Account" shall have the meaning set forth in Section 5.1.

1.32 "Retirement Benefit" shall mean the benefit set forth in Section 5.1.

1.33 "Scheduled Distribution" shall mean a distribution election as designated by a Participant pursuant to Section 4.1.

1.34 "Shares" shall have the meaning set forth in the LTIP

1.35 "Specified Employee" shall mean any Participant who is determined to be a "key employee" (as defined under Section 416(i) of the Code without regard to paragraph (5) thereof) for the applicable period, as determined annually by the Board in accordance with Treas. Reg.

§1.409A-1(i). In determining whether a Participant is a Specified Employee, the following provisions shall apply:

(a) The Board's identification of the individuals who fall within the definition of "key employee" under Section 416(i) of the Code (without regard to paragraph (5) thereof) shall be based upon the 12-month period ending on each December 31 (referred to below as the "identification date"). In applying the applicable provisions of Section 416(i) of the Code to identify such individuals, "compensation" shall be determined in accordance with Treas. Reg. §1.415(c)-2(a) without regard to (i) any safe harbor provided in Treas. Reg. §1.415(c)-2(d), (ii) any of the special timing rules provided in Treas. Reg. §1.415(c)-2(e), and (iii) any of the special rules provided in Treas. Reg. §1.415(c)-2(g); and

(b) Each Participant who is among the individuals identified as a "key employee" in accordance with part (a) of this Section shall be treated as a Specified Employee for purposes of this Plan if such Participant experiences a Separation from Service during the 12-month period that begins on the April 1st following the applicable identification date.

1.36 "Termination Benefit" shall mean the benefit set forth in Section 5.3.

1.37 "Termination of Employment" shall mean a termination of employment or service with the Affiliated Group in such a manner as to constitute a "separation from service" as defined under Section 409A of the Code and related Treasury regulations promulgated thereunder, voluntarily or involuntarily, for any reason other than Retirement, Disability, or death. For this purpose, the employment or directorship relationship is treated as continuing while a Participant is on military leave, sick leave, or other bona fide leave of absence if the period of such leave does not exceed six months or, if longer, so long as the individual retains a right to reinstatement with the Affiliated Group under an applicable statute or by contract. A leave of absence constitutes a bona fide leave of absence only if there is a reasonable expectation that the Participant will return to perform services for the Affiliated Group. If the period of leave exceeds six months and the Participant does not retain a right to reinstatement under an applicable statute or by contract, the employment or directorship relationship is deemed to terminate on the first day immediately following such six-month period. A Termination of Employment will occur if there is a reasonable expectation that the level of services by the Participant for the Affiliated Group will permanently decrease to 20% or less of the average level of services during the previous 36 months (or, if shorter, the actual period of services).

1.38 "Trust" shall mean one or more rabbi trusts established by the Company in accordance with Article 12 of the Plan as amended from time to time.

1.39 "Unforeseeable Emergency" shall mean a severe financial hardship to the Participant resulting from (i) an illness or accident of the Participant or Beneficiary or his spouse or dependent (as defined in Section 152(a) of the Code without regard to Sections 152(b)(1), 152(b)(2), and 152(d)(1)(B) of the Code), (ii) loss of the Participant's property due to casualty (including the need to rebuild a home following damage to the home not otherwise covered by insurance), or (iii) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. The term "Unforeseeable Emergency" shall be interpreted in a manner consistent with the definition of "unforeseeable emergency" contained in Section 409A of the Code and the regulations promulgated thereunder.

ARTICLE 2

Selection, Enrollment, Eligibility

- 2.1. **Selection by Board.** Participation in the Plan shall be limited to Directors and to those Employees who (i) are highly compensated or management level, and (ii) are selected and approved for participation in the Plan by the Board, in its sole discretion.
- 2.2. **Enrollment Requirements.** As a condition to participation, each Director and selected Employee shall complete, execute and return to the Board an Election Form and a Beneficiary Designation Form, all within 30 days (or such shorter time as the Board may determine) after he or she is selected to participate in the Plan. In addition, the Board shall establish from time to time such other enrollment requirements as it determines in its sole discretion are necessary.
- 2.3. **Eligibility; Commencement of Participation.** Provided that a Director or an Employee selected to participate in the Plan has met all enrollment requirements set forth in the Plan and required by the Board, including returning all required documents to Human Resources within thirty (30) days (or such shorter time as the Board may determine) after he or she is selected to participate in the Plan, that Director or Employee shall commence participation in the Plan on the first day of the month following the month in which the Director or Employee completes all enrollment requirements. If a Director or an Employee fails to meet all such requirements within the period required, that Director or Employee shall not be eligible to participate in the Plan until the first day of the Plan Year following the year of the delivery of the required documents to, and acceptance by, the Company's Human Resources department.
- 2.4. **Termination of Future Participation.** If the Board determines in good faith that a Participant no longer qualifies as a Director or a member of a select group of management or highly compensated employees, as membership in such group is determined in accordance with Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA, the Participant's ability to defer and to make additional deferral commitments shall cease with respect to calendar years following the calendar year in which such determination is made, although the Participant shall remain subject to all terms and conditions of the Plan for as long as he or she remains a Participant.

ARTICLE E 3
Deferral Commitments

3.1. **Maximum Deferral.** For each Plan Year, the Board may, but is not required to, establish maximum RSU deferral limits, which may vary for different Participants.

3.2. **Timing of Deferral Elections; Effect of Election Form.**

(a) **General Timing Rule for Deferral Elections.** Except as otherwise provided in this Section 3.2, in order for a Participant to make a valid election to defer RSUs, the Participant must submit an Election Form on or before the deadline established by the Board, which shall be no later than the December 31 preceding the Plan Year in such RSUs will be granted. The Board may establish different timing rules for deferral of RSUs from time to time, provided that such rules are determined to be in accord with Section 409A of the Code. Any deferral election made in accordance with this Section 3.2(a) shall be irrevocable.

(b) **Timing of Deferral Elections for Newly Eligible Plan Participants.** A Director or selected Employee who first becomes eligible to participate in the Plan on or after the beginning of a Plan Year, as determined in accordance with Treas. Reg. §1.409A-2(a)(7)(ii) and the "plan aggregation" rules provided in Treas. Reg. §1.409A-1(c)(2), may be permitted to make an election to defer the portion of RSUs attributable to services to be performed after such election, provided that the Participant submits an Election Form on or before the deadline established by the Board, which in no event shall be later than thirty (30) days after the Participant first becomes eligible to participate in the Plan.

Any deferral election made in accordance with this Section 3.2(b) shall become irrevocable no later than the 30th day after the date the Director or selected Employee becomes eligible to participate in the Plan.

(c) **Timing of Special Deferral Elections for RSUs Subject to the Short-Term Deferral Exception.** Subject to the limitations described below, an irrevocable deferral election will be permitted prior to the Effective Date for unvested RSUs that were granted prior to the Effective Date. Such a Special Deferral Election will only be permissible with respect to RSUs that are determined to qualify for the short-term deferral exception set forth in Treasury Regulation Section 1.409A-1(b)(4), and such Special Deferral Election must comply with the requirements of Treasury Regulation Section 1.409A-2(a)(4). The Special Deferral Election will only apply to RSUs that otherwise would have become vested at least twelve (12) months following the date of the Special Deferral Election, and such RSUs must be deferred for a period of at least five (5) years following the date on which they otherwise would have become vested (except in the case of a Change in Control, if the Participant so elects).

3.3. **Withholding and Crediting of RSUs.** For each Plan Year, Shares attributable to RSUs that otherwise would have become vested and delivered to the Participant shall instead be delivered to the Trust, and shall be credited to his or her RSU Account as soon as reasonably practicable after such amounts would otherwise have been paid to the Participant.

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3.4. **Vesting.** A Participant shall at all times be 100% vested in his or her RSU and Dividend Contribution Accounts.

3.5. **Deferral Accounts.** The Company shall establish Accounts for each Participant under the Plan for each tranche of deferred RSUs, as well as the Participant's Dividend Contribution Account and an Investment Account. Deferred RSUs shall remain credited and denominated as RSUs or Shares in the RSU Deferral Account, subject to an investment election made by the Participant to transfer the value, or a portion of, the RSU Deferral Account to the Investment Account pursuant to Section 3.6. A Participant's Dividend Contribution

Account may be transferred to the Investment Account pursuant to the Participant's election pursuant to Section 3.6. Cash deferred to directly to the Investment Account, or transferred from the RSU Deferral Account or Dividend Contribution Account, will be allocated the Investment Fund(s) elected by the Participant. A Participant's Deferral Accounts shall be credited as follows:

- (a) As soon as reasonably practicable after amounts are permitted to be invested in Investment Fund, the Board shall credit the applicable Investment Funds of the Participant's applicable Account(s), or subaccounts, with an amount determined as set forth herein, and the portion of the Participant's Account(s) that the Participant has deemed to be invested in a certain type of investment fund shall be credited to the investment fund subaccount corresponding to that investment fund;
- (b) Each business day, each Investment Fund subaccount of a Participant's Account(s) shall be credited with earnings or losses in an amount equal to that determined by multiplying the balance credited to such Investment Fund subaccount as of the prior day by the rate of net gain or loss for the corresponding Investment Fund for that day; and
- (c) A Participant's deferrals into the Plan shall be accounted for in a manner which allows separate accounting for the deferrals and investment gains and losses associated with amounts allocated to each separate Account.
- (d) Each of the Participant's investment fund subaccounts shall be reduced pro rata from the applicable Account by the amount of any distributions made to the Participant, as of the date of the distribution.

3.6.

Investment Elections.

(a) The Board shall select from time to time, in its sole and absolute discretion, commercially available investment funds to be used to determine the amount of earnings or losses to be credited to the Participant's Accounts under the Plan (the "Investment Funds"). A Participant may elect to transfer all or a portion of the RSU Deferral Account and/or the Dividend Contribution Account to the Investment Account to be invested in the Investment Funds, and a Participant may elect to transfer all or a portion of the Investment Account and/or the Dividend Contribution Account to the RSU Deferral Account. Such elections may be made no more frequently than once per fiscal quarter (or as further limited in the discretion of the Board) and shall be processed on, or as soon as practicable following, the first business day of the following fiscal quarter.

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(b) Each Participant shall designate, on the Election Form or thereafter, the Investment Fund or Funds in which the Participant's applicable Accounts (including the Dividend Contribution Account) will be deemed to be invested for purposes of determining the amount of earnings or losses to be allocated to that Account. The Participant may specify that the deemed investment be, in whole percentage increments, in one or more of the investment funds as communicated from time to time. Effective as of any business day, a Participant may change this investment designation by filing a change of election and making a new designation. If a Participant does not elect any of the investment funds as described in this Section for one or more Accounts, the applicable Account balance shall automatically be allocated into the lowest-risk investment fund, as determined by the Board, in its sole discretion. Notwithstanding the foregoing, the Board, in its sole discretion, may impose limitations on the frequency with which one or more of the investment funds elected in accordance with this Section may be added or deleted by such Participant; furthermore, the Board, in its sole discretion, may impose limitations on the frequency with which the Participant may change the portion of his or her Accounts allocated to each previously or newly elected Investment Fund.

Notwithstanding any other provision of the Plan that may be interpreted to the contrary, the investment funds selected by the Board or designation of investment funds by a Participant shall not be considered or construed in any manner as an actual investment of the Participant's Account Balance in any such investment fund. In the event that the Company or the Trustee, in its sole and absolute discretion, shall invest funds in any or all of the selected investment funds, no Participant shall have any rights in or to such investments. Without limiting the foregoing, a Participant's Account Balance shall at all times be a bookkeeping entry only and shall not represent any investment made on his or her behalf by the Company or the Trust; the Participant shall remain at all times an unsecured creditor of the Company.

3.7.

FICA and Other Taxes With Respect to Employee Participants.

(a) **Annual Deferrals.** For each Plan Year in which deferrals of RSUs are being withheld from a Participant who is an employee of the Company, the Company shall withhold from that portion of the Participant's other compensation that is not being deferred, in a manner

determined by the Board, the Participant's share of FICA and other employment taxes on such deferrals. If necessary, the Board may reduce the deferrals into this Plan in order to comply with this Section.

(b) Distributions. The Company, or the trustee of the Trust, shall withhold from any payments made to a Participant under the Plan all federal, state and local income, employment and other taxes required to be withheld by the Company, or the trustee of the Trust, in connection with such payments, in amounts and in a manner to be determined in the sole discretion of the Company and the trustee of the Trust.

3.8. Taxes With Respect to Director Participants. In the case of a Participant who is a Director, the Company shall not withhold taxes from any RSU Deferrals for purposes of any state, local, or federal tax obligations. If state, local, or federal tax obligations arise

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from participation in the Plan that apply to an amount deferred under the Plan before such amount is paid or made available to the Participant, the Company shall pay a portion of such deferred amount by distribution directly to the Participant. In no event shall the total payment thereunder exceed the aggregate amount of taxes due.

ARTICLE 4

Scheduled Distributions; Unforeseeable Emergencies

4.1. Scheduled Distributions.

(a) Scheduled Distribution Elections. Prior to each Plan Year, Participants shall be entitled to designate the distribution the amounts deferred during the applicable Plan Year as a Scheduled Distribution. In the case of a Participant who has elected to receive a Scheduled Distribution, such Participant shall receive the vested balance in the applicable Accounts or subaccounts, with respect to the specified deferrals, which have been elected by the Participant. The Board shall determine the earliest commencement date pursuant to a schedule of applicable Benefit Distribution Date(s) that may be elected by the Participant for each Scheduled Distribution and such date(s) shall be indicated on the Election Form. The Participant shall indicate on the Election Form whether he or she elects to receive the Scheduled Distribution in a single lump sum or pursuant to an Annual Installment Method of up to five (5) years. Participant may delay and change the form of a Scheduled Distribution, provided such revision complies with the requirements of Section 4.2 below.

(b) Small Benefit Exception. Notwithstanding the distribution form elected, if at the time of a Scheduled Distribution the balance of a Participant's total Account Balance is less than or equal to the limit set in Code Section 401(a)(17) (\$23,500 for 2024 and as indexed each year), the portion of the Participant's Account Balance subject to the Scheduled Distribution may be paid in the form of a single cash lump sum at such time.

(c) Payment. The Benefit Distribution Date of a Scheduled Distribution shall be the first business day of April of the Plan Year in which the distribution is elected to commence, and the applicable vested Deferral Account shall be calculated as of the last business day of March of such Plan Year in accordance with the Annual Installment Method. Subsequent installments, if any, shall be calculated as of the last business day of March of each succeeding Plan Year in accordance with the Annual Installment Method, and shall be made in April of such succeeding Plan Year. Distributions from the RSU Deferral Account shall be distributed in the form of Shares. Distributions from the Investment Account and Dividend Contribution Account shall be distributed in the form of cash. If a Participant's Account is allocated to different accounts, subaccounts, or investment funds, each payment should made from each such account, subaccount, or investment fund pro rata in the proportion that the value of each account, subaccount, or investment funds bears to the entire Account Balance.

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(d) Relationship to Other Benefits.

(i) In the event that distribution of a Participant's Account is triggered prior to commencement of a Scheduled Distribution by an event under Article 5, the amounts subject to such Scheduled Distribution shall not be distributed under this Article 4, but rather shall be distributed in accordance with the applicable Section of Article 5.

(ii) In the event of a Participant's Termination of Employment, Disability, death, or in the event of a Change in Control to which an election to receive a Change in Control benefit has been made under Article 5, in each case after a Scheduled Distribution has commenced installment payments, the amounts subject to such Scheduled Distribution shall not be distributed under this Article 4, but rather shall be distributed in accordance with the applicable Section of Article 5.

(iii) In the event of a Participant's Retirement after a Scheduled Distribution has commenced installment payments, such Scheduled Distribution benefits shall continue to be paid at the same time and in the same form as they would have been paid to the Participant had the Retirement not occurred.

4.2. Postponing Scheduled Distributions. A Participant may elect to change the form of payment or postpone a Scheduled Distribution described in Section 4.1 above, and have such amount paid out after an allowable alternative Benefit Distribution Date designated in accordance with this Section 4.2. In order to make such an election, the Participant must submit an Election Form in accordance with the following criteria:

- (a)** The election of the new Benefit Distribution Date or form of payment for the Scheduled Distribution shall have no effect until at least twelve (12) months after the date on which the election is made;
- (b)** The election change for the Scheduled Distribution shall result in a new Benefit Distribution Date that must be no sooner than five (5) years after the previously designated Benefit Distribution Date (except as is otherwise permissible under Treasury Regulation Section 1.409A-2(b)(1)(ii));
- (c)** The election must be made at least twelve (12) months prior to the Participant's previously designated Benefit Distribution Date for such Scheduled Distribution; and
- (d)** Payment of the Scheduled Distribution in accordance with the revised Benefit Distribution Date shall be made in accordance with this Section 4.2.

4.3. Unforeseeable Emergencies. If the Participant experiences an Unforeseeable Emergency, the Participant may petition the Board to cancel his or her deferral commitments or to receive a partial or full distribution under the Plan. In the case of a distribution, any such payout shall not exceed the lesser of (i) the Participant's Account Balance, calculated as if such Participant were receiving a Termination Benefit, or (ii) the amount reasonably needed to satisfy the Unforeseeable Emergency, plus amounts necessary to pay taxes reasonably anticipated as a result of the payout, after taking into account the extent to which such Unforeseeable Emergency is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets (to the

extent such liquidation would not itself cause severe financial hardship). If, subject to the sole discretion of the Board, the petition for a cancellation of deferral elections and/or payout is approved, the cancellation shall take effect upon the date of approval, and any payout shall be made within 60 days of the date of approval. In addition, in the event a Participant receives a hardship distribution under the Company's qualified 401(k) plan pursuant to Treas. Reg. §1.401(k)-1(d)(3), the Board may (i) cancel the Participant's current deferral elections under this Plan and/or (ii) preclude the Participant from submitting additional deferral elections pursuant to Article 3, to the extent deemed necessary to comply with Treas. Reg. §1.401(k)-1(d)(3).

ARTICLE 5

Benefits

5.1. Retirement Benefit. If a Participant Retires, the Participant shall be eligible to receive his or her vested Account that is designated as a "Retirement Account" (and any uncommenced Accounts designated as Scheduled Distributions, except as otherwise provided in Section 4.2) in either a lump sum or annual installment payments, as elected by the Participant in accordance with this Section 5.1 (the

"Retirement Benefit"). A Participant's Retirement Benefit shall be calculated as of the close of business on or around the applicable Benefit Distribution Date for such benefit, which shall be (i) the last business day of the sixth month following the month in which the Participant Retires if the Participant is a Specified Employee, and (ii) for all other Participants, the last business day of the month in which the Participant Retires; provided, however, if a Participant changes the form of distribution for such Retirement Account, the Benefit Distribution Date shall be determined in accordance with Section 5.1(b).

(a) Payment of Retirement Benefit. In connection with the Participant's establishment of the Deferral Account that is designated as a Retirement Account, the Participant shall elect the form in which the Retirement Account shall be distributed. The Participant may elect to receive such Retirement Account in the form of a lump sum or pursuant to an Annual Installment Method of up to fifteen (15) years. If a Participant does not make any election with respect to the payment of the Retirement Account, then the Participant shall be deemed to have elected to receive such Retirement Account as a lump sum in the event of his or her Retirement.

(b) Changes to Form of Payment. A Participant may change the form of payment for the Retirement Account by submitting an Election Form in accordance with the following criteria:

(i) The new Benefit Distribution Date for such Retirement Account shall be five (5) years after the Benefit Distribution Date that would otherwise have been applicable to such Retirement Account; and

(ii) The election must be made at least twelve (12) months prior to the Benefit Distribution Date that would otherwise have been applicable to such Retirement Account. Subject to the requirements of this Section 5.1(b), the Election Form most recently accepted by the Board that has become effective shall govern the form of payout of such Retirement Account.

5.2. Payment. The lump sum payment shall be made, or installment payments shall commence in accordance with the Annual Installment Method, no later than sixty (60) days after the applicable Benefit Distribution Date. Subsequent installments, if any, shall be calculated in accordance with the Annual Installment Method as of the last business day of March of each Plan Year following the Plan Year in which the initial installment payment occurs, and shall be made in April of such succeeding Plan Year. Distributions from the RSU Deferral Account shall be distributed in the form of Shares. Distributions from the Investment Account and Dividend Contribution Account shall be distributed in the form of cash. If a Participant's Account is allocated to different accounts, subaccounts, or investment funds, each payment should be made from each such account, subaccount, or investment fund pro rata in the proportion that the value of each account, subaccount, or investment funds bears to the entire Account Balance.

5.3. Death Benefit. In the event that the Participant dies prior to complete distribution of his or her Account Balance, the Participant's Beneficiary shall receive a death benefit equal to the remaining amount credited to the Participant's Deferral Accounts in a lump sum. The lump sum payment shall be made no later than sixty (60) days after the date of the Participant's death.

5.4. Termination Benefit. If a Participant experiences a Termination of Employment, the Participant shall receive his or her vested Account Balance in the form of a lump sum payment (the "Termination Benefit"). A Participant's Termination Benefit shall be calculated as of the close of business on or around the Benefit Distribution Date for such benefit, which shall be (i) the last business day of the sixth month following the month in which the Participant experiences the Termination of Employment if the Participant is a Specified Employee, and (ii) for all other Participants, the last business day of the month in which the Termination of Employment occurs. The lump sum payment shall be made no later than sixty (60) days after the applicable Benefit Distribution Date for the Termination Benefit, except as otherwise provided in Section 4.2.

5.5. Disability Benefit. If a Participant becomes Disabled prior to the Participant's Retirement or Termination of Employment, the Participant shall receive his or her vested Account Balance in the form of a lump sum payment (the "Disability Benefit"). The Disability Benefit shall be calculated as of the close of business on or around the Participant's Benefit Distribution Date for such benefit, which shall be the date on which the Participant became Disabled. The Disability Benefit shall be paid to the Participant no later than sixty (60) days after the Participant's Benefit Distribution Date.

5.6. Change in Control Benefit; Election. A Participant, in connection with his or her commencement of participation in the Plan, shall have an opportunity to elect to receive the total amount of his or her Account Balance in the form of a lump sum payment in the event that a

Change in Control occurs prior to the Participant's Retirement or Termination of Employment from the Company (the "Change in Control Benefit"). The Change in Control Benefit, if any, shall be calculated as of the close of business on or around the Participant's Benefit Distribution Date for the Change in Control Benefit, which shall be the date on which the Change in Control occurs, and shall be paid to the Participant no later than sixty (60) days after the Participant's Benefit Distribution Date. If a Participant elects

not to receive a Change in Control Benefit, or fails to make an election in connection with his or her commencement of participation in the Plan, the Participant's Accounts shall be paid in accordance with the other applicable provisions of the Plan.

5.7. Limitation on Specified Employees. Notwithstanding any other provision of the Plan to the contrary, no payment triggered by the "separation from service," as determined in accordance with Section 409A of the Code, of a Participant that is a Specified Employee shall be made during the six month period following his or her "separation from service", except in the event of death. Any payment that otherwise would have been made during such six month period shall instead be distributed on the first day of the seventh month following the separation from service.

ARTICLE 6

Beneficiary Designation

6.1. Beneficiaries. Each Participant shall have the right, at any time, to designate his or her Beneficiary(ies) (both primary as well as contingent) to receive any benefits payable under the Plan to a beneficiary upon the death of a Participant. The Beneficiary designated under the Plan may be the same as or different from the Beneficiary designation under any other plan of the Company in which the Participant participates.

6.2. Beneficiary Designation; Change. A Participant shall designate his or her Beneficiary by completing and signing the Beneficiary Designation Form, and returning it to the Board. A Participant shall have the right to change a Beneficiary by completing, signing and otherwise complying with the terms of the Beneficiary Designation Form and the Board's rules and procedures, as in effect from time to time. Upon the acceptance by the Board of a new Beneficiary Designation Form, all Beneficiary designations previously filed shall be canceled. The Board shall be entitled to rely on the last Beneficiary Designation Form filed by the Participant and accepted by the Board prior to his or her death.

6.3. Acknowledgment. No designation or change in designation of a Beneficiary shall be effective until received and acknowledged in writing by the Board.

6.4. No Beneficiary Designation. If a Participant fails to designate a Beneficiary as provided in Sections 6.1, 6.2 and 6.3 above or, if all Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Participant's Beneficiary shall be deemed to be his or her surviving spouse. If the Participant has no surviving spouse, the benefits remaining under the Plan to be paid to a Beneficiary shall be payable to the Participant's estate.

6.5. Doubt as to Beneficiary. If the Board has any doubt as to the proper Beneficiary to receive payments pursuant to the Plan, the Board shall have the right, exercisable in its discretion, to cause the Company to withhold such payments until this matter is resolved to the Board's satisfaction.

6.6. Discharge of Obligations. The payment of benefits under the Plan to a Beneficiary shall fully and completely discharge the Company and the Board from all further obligations under the Plan with respect to the Participant, and that Participant's participation in the Plan shall terminate upon such full payment of benefits.

ARTICLE 7 **Leave of Absence**

7.1. If a Participant is authorized by the Company for any reason to take a paid or unpaid leave of absence from the employment of the Company, Participant shall continue to be considered employed by the Company, to the extent consistent with the requirements for a "separate service" under Section 409A of the Code. If a Participant is authorized to take a paid leave of absence from the Company, the Participant's deferrals shall continue to be withheld during such paid leave of absence in accordance with Section 3.2.

ARTICLE 8

Termination, Amendment or Modification

8.1. Termination. Although the Company anticipates that it will continue the Plan for an indefinite period of time, there is no guarantee that the Company will continue the Plan or will not terminate the Plan at any time in the future. Accordingly, the Company reserves the right to terminate the Plan at any time by action of the Board. Upon the termination of the Plan, all Account Balances shall remain subject to the terms of the Plan and the elections made in the applicable Election Forms. Notwithstanding the foregoing, to the extent permitted by Treas. Reg. §1.409A-3(j)(4)(ix), the Board may provide that upon termination of the Plan, all Account Balances of the Participants shall be distributed, subject to and in accordance with any rules established by the Company deemed necessary to comply with the applicable requirements and limitations of Section 409A of the Code.

8.2. Amendment. The Company may, at any time, amend or modify the Plan in whole or in part by the action of the Board; provided, however, that: (i) no amendment or modification shall be effective to decrease or restrict the value of a Participant's Account Balance in existence at the time the amendment or modification is made, calculated as if the Participant had experienced a Termination of Employment as of the effective date of the amendment or modification or, if the amendment or modification occurs after the date upon which the Participant was eligible to Retire, the Participant had Retired as of the effective date of the amendment or modification, and (ii) no amendment or modification of this Section 8.2 of the Plan shall be effective. The amendment or modification of the Plan shall not affect any Participant or Beneficiary who has become entitled to the payment of benefits under the Plan as of the date of the amendment or modification. The Company specifically reserves the right to amend the Plan to conform the provisions of the Plan to the guidance issued by the Secretary of the Treasury with respect to Section 409A of the Code, in accordance with such guidance.

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8.3. Effect of Payment. The full payment of the applicable benefit under the Plan shall completely discharge all obligations to a Participant and his or her Beneficiaries under the Plan and the Participant's participation in the Plan shall terminate.

ARTICLE 9 **Administration**

9.1. Administrative Duties. To the extent that ERISA applies to the Plan, the Company shall be the "named fiduciary" of the Plan and the "plan administrator" of the Plan. The Board shall be responsible for the general administration of the Plan. The Board will, subject to the terms of the Plan, have the authority to: (i) approve for participation employees who are recommended for participation by the Chief Executive Officer of the Company, (ii) adopt, alter, and repeal administrative rules and practices governing the Plan, (iii) interpret the terms and provisions of the Plan, and (iv) otherwise supervise the administration of the Plan. All decisions by the Board will be made with the approval of not less than a majority of its members. Notwithstanding the foregoing, the Board may delegate any of its authority to any other person or persons that it deems appropriate.

9.2. Agents. In the administration of the Plan, the Board may, from time to time, employ agents and delegate to them such administrative duties as it sees fit (including acting through a duly appointed representative) and may from time to time consult with counsel who may be counsel to the Company.

9.3. Binding Effect of Decisions. All decisions by the Board, and by any other person or persons to whom the Board has delegated

authority, shall be final and conclusive and binding upon all persons having any interest in the Plan.

9.4. Indemnity of Board. The Company shall indemnify and hold harmless the members of the Board and any Employee to whom the duties of the Board may be delegated against any and all claims, losses, damages, expenses or liabilities arising from any action or failure to act with respect to the Plan, except in the case of willful misconduct by the Board, any of its members, or any such Employee.

9.5. Information. To enable the Board (or any person to whom the Board has delegated its authority) to perform its functions, the Company shall supply full and timely information to the Board on all matters relating to the compensation of its Participants, the date and circumstances of the Retirement, Disability, death or Termination of Employment of its Participants, and such other pertinent information as the Board may reasonably require.

ARTICLE 10

Other Benefits and Agreements

10.1. Coordination with Other Benefits. The benefits provided for a Participant and Participant's Beneficiary under the Plan are in addition to any other benefits available to such Participant under any other plan or program for employees of the Company. The Plan shall supplement and shall not supersede, modify or amend any other such plan or program except as may otherwise be expressly provided.

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ARTICLE 11

Claims Procedures

11.1. Procedures for Handling Claims. In accordance with the provisions of Section 503 of ERISA, the Company shall provide a procedure for handling claims for benefits under the Plan. The procedure shall be in accordance with the regulations issued by the Secretary of Labor and provide adequate written notice within a reasonable period of time with respect to a claim denial. The procedure shall also provide for a reasonable opportunity for a full and fair review by the Company of any claim denial.

ARTICLE 12

Trust

12.1. Establishment of the Trust. The Company may establish one or more Trusts to which the Company may transfer such assets as the Company determines in its sole discretion to assist in meeting its obligations under the Plan.

12.2. Interrelationship of the Plan and the Trust. The provisions of the Plan and the Participant's Election Forms shall govern the rights of a Participant to receive distributions pursuant to the Plan. The provisions of the Trust shall govern the rights of the Company, Participants and the creditors of the Company to the assets transferred to the Trust. Notwithstanding the foregoing, the Participant shall remain at all times an unsecured creditor of the Company and shall have no right or claim to any of the assets of the Trust.

12.3. Distributions From the Trust. The Company's obligations under the Plan may be satisfied with Trust assets distributed pursuant to the terms of the Trust, and any such distribution shall reduce the Company's obligations under the Plan. The Company may satisfy its obligations under the Plan by paying such benefits directly to the Participant and seek reimbursement of such payments from the Trust.

ARTICLE 13

Miscellaneous

13.1. Status of Plan. The Plan is intended to be a plan that is not qualified within the meaning of Section 401(a) of the Code and that "is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for Directors and a select group of management or highly compensated employees" within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA. The Plan shall be administered and interpreted to the extent possible in a manner consistent with that intent.

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13.2. **Unsecured General Creditor.** Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any property or assets of the Company. For purposes of the payment of benefits under the Plan, any and all of the Company's assets shall be, and remain, the general, unpledged unrestricted assets of the Company. The Company's obligation under the Plan shall be merely that of an unfunded and unsecured promise to pay money in the future.

13.3. **Company's Liability.** The Company's liability for the payment of benefits shall be defined only by the Plan and the Participant's Election Forms. The Company shall have no obligation to a Participant under the Plan except as expressly provided in the Plan and his or her Election Forms.

13.4. **Nonassignability.** Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate, alienate or convey in advance of actual receipt, the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are expressly declared to be, unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure, attachment, garnishment or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, or be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

13.5. **Not a Contract of Employment.** The terms and conditions of the Plan shall not be deemed to constitute a contract of employment between the Company and the Participant, either expressed or implied. Such employment is hereby acknowledged to be an "at will" employment relationship that can be terminated at any time for any reason, or no reason, with or without cause, and with or without notice, unless expressly provided in a written employment agreement. Nothing in the Plan shall be deemed to give a Participant the right to be retained in the service of the Company, or to interfere with the right of the Company to discipline or discharge the Participant at any time.

13.6. **Furnishing Information.** A Participant or his or her Beneficiary will cooperate with the Board by furnishing any and all information requested by the Board and take such other actions as may be requested in order to facilitate the administration of the Plan and the payments of benefits hereunder.

13.7. **Terms.** Whenever any words are used herein in the masculine, they shall be construed as though they were in the feminine in all cases where they would so apply; and whenever any words are used herein in the singular or in the plural, they shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply.

13.8. **Captions.** The captions of the articles, sections and paragraphs of the Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

13.9. **Governing Law.** Except to the extent that federal law applies, the provisions of the Plan shall be construed and interpreted according to the internal laws of the State of New Jersey without regard to its conflicts of laws principles.

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13.10. **Notice.** Any notice or filing required or permitted to be given to the Board under the Plan shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail, to the address below:

Board of Directors
Peapack-Gladstone Financial Corporation 500 Hills Drive
Suite 300
P.O. Box 700 Bedminster, NJ 07921

Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

Any notice or filing required or permitted to be given to a Participant under the Plan shall be sufficient if in writing and hand-delivered, or sent by mail, to the last known address of the Participant.

13.11. **Successors.** The provisions of the Plan shall bind and inure to the benefit of the Company and its successors and assigns and the Participant and the Participant's Beneficiaries.

13.12. **Spouse's Interest.** The interest in the benefits hereunder of a spouse of a Participant who has predeceased the Participant shall automatically pass to the Participant and shall not be transferable by such spouse in any manner, including but not limited to such spouse's will, nor shall such interest pass under the laws of intestate succession.

13.13. **Validity.** In case any provision of the Plan shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but the Plan shall be construed and enforced as if such illegal or invalid provision had never been inserted herein.

13.14. **Incompetent.** If the Board determines in its discretion that a benefit under the Plan is to be paid to a minor, a person declared incompetent or to a person incapable of handling the disposition of that person's property, the Board may direct payment of such benefit to the guardian, legal representative or person having the care and custody of such minor, incompetent or incapable person. The Board may require proof of minority, incompetence, incapacity or guardianship, as it may deem appropriate prior to distribution of the benefit. Any payment of a benefit shall be a payment for the account of the Participant and the Participant's Beneficiary, as the case may be, and shall be a complete discharge of any liability under the Plan for such payment amount.

13.15. **Court Order.** The Board is authorized to make any payments directed by court order in any action in which the Plan or the Board has been named as a party. In addition, notwithstanding any provision in this Plan to the contrary, in the event that the Company receives a domestic relations order, as defined in Section 414(p)(1)(B) of the Code, pursuant to which a court has determined that a spouse or former spouse of a Participant (an "alternate payee") has an interest in the Participant's benefits under the Plan, the Company shall have the right to honor and comply with such order by distributing some or

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all of the Participant's vested interest under the Plan to such alternate payee to the extent necessary to fulfill such domestic relations order, provided that such distribution is in accordance with the requirements of Section 409A of the Code, and further provided that no such order may accelerate or otherwise change the timing of the distribution that otherwise would have been made to the Participant.

13.16. **No Acceleration of Benefits.** The acceleration of the time or schedule of any payment under the Plan is not permitted, except as provided in regulations by the Secretary of the Treasury.

13.17. **Compliance with Section 409A of the Code and Securities Laws.** This Plan is intended to comply with the requirements of Section 409A of the Code (and all applicable Treasury Regulations and other guidance issued thereunder) and shall be operated and interpreted consistent with that intent. Notwithstanding any provisions of the Plan or any Election Form to the contrary, no otherwise permissible election under the Plan shall be given effect that would result in the taxation of any amount under Section 409A of the Code. The Plan shall also be administered in accordance with the requirements of all federal and state securities laws, including but not limited to the requirements of the Securities Exchange Act of 1934.

[Signature Page Follows]

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IN WITNESS WHEREOF, the Company has signed this Plan document on the _____ day of _____, 2024

PEAPACK-GLADSTONE FINANCIAL CORPORATION

By: **Douglas L. Kennedy**

By: **Frank Cavallaro**

Exhibit 31.1

CERTIFICATION

I, Douglas L. Kennedy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Peapack-Gladstone Financial Corporation;
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, of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, 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 Rule 15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure 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 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 (or 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 audit committee or the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to 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.

Date: August 8, 2024 November 7, 2024By: /s/ Douglas L. Kennedy

Name: Douglas L. Kennedy

Title: President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Frank A. Cavallaro, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Peapack-Gladstone Financial Corporation;
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, of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, 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 Rule 15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure 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 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 (or 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 audit committee or the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to 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.

Date: **August 8, 2024** November 7, 2024

By: */s/* Frank A. Cavallaro

Name: Frank A. Cavallaro

Title: Senior Executive Vice President,

Chief Financial Officer

Exhibit 32

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

In connection with the Quarterly Report on Form 10-Q of Peapack-Gladstone Financial Corporation (the "Corporation"), for the quarterly period ended **June 30, 2024** September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Douglas L. Kennedy, as Chief Executive Officer of the Corporation, and Frank A. Cavallaro, as Chief Financial Officer of the Corporation, each hereby certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

- (1) The Report fully complies with the requirements of section 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 Corporation.

/s/ Douglas L. Kennedy

Name: Douglas L. Kennedy
Title: President and Chief Executive Officer
Date: **August 8, November 7, 2024**

/s/ Frank A. Cavallaro

Name: Frank A. Cavallaro
Title: Senior Executive Vice President
Chief Financial Officer
Date: **August 8, November 7, 2024**

DISCLAIMER

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