REFINITIV

DELTA REPORT

10-Q

PKBK - PARKE BANCORP, INC.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	807
CHANGES	250
DELETIONS	318
ADDITIONS	239

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

FORM 10-Q

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

For the quarterly period ended: September 30, 2023 March 31, 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. **000-51338**

PARKE BANCORP, INC.
(Exact name of registrant as specified in its charter)

New Jersey	**65-1241959**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
601 Delsea Drive, Washington Township, New Jersey	**08080**
(Address of principal executive offices)	(Zip Code)

856-256-2500
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbols	Name of Each Exchange on Which Registered
Common Stock, par value $0.10 per share	PKBK	The Nasdaq Stock Market, LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [☒] No [☐]

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes [☒] No [☐]

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

Large accelerated filer [☐] Accelerated filer [ ] Non-accelerated filer [x] [X] Smaller reporting company [☒] Emerging growth company [☐]

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [☐] No [☒]

As of November 6, 2023 May 3, 2024, there were 11,946,671 11,962,821 shares of the registrant's common stock ($0.10 par value) outstanding.

INDEX

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Parke Bancorp, Inc. and Subsidiaries
Consolidated Balance Sheets
(unaudited)
(Dollars in thousands except per share data)

		September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Assets	**Assets**			**Assets**	
Cash and due from banks	Cash and due from banks	$ 10,669	$ 27,165		
Interest bearing deposits with banks	Interest bearing deposits with banks	116,071	154,985		
Cash and cash equivalents	Cash and cash equivalents	126,740	182,150		
Investment securities available for sale, at fair value	Investment securities available for sale, at fair value	7,271	9,366		
Investment securities held to maturity (fair value of $7,285 at September 30, 2023 and $7,805 at December 31, 2022)		9,319	9,378		
Investment securities held to maturity, net of allowance for credit losses of $0 at March 31, 2024 and December 31, 2023 (fair value of $7,685 at March 31, 2024 and $7,892 at December 31, 2023)					
Total investment securities	Total investment securities	16,590	18,744		
Loans, net of unearned income					
Loans, net of unearned income					
Loans, net of unearned income	Loans, net of unearned income	1,800,023	1,751,459		
Less: Allowance for credit losses	Less: Allowance for credit losses	(32,319)	(31,845)		
Net loans	Net loans	1,767,704	1,719,614		
Accrued interest receivable	Accrued interest receivable	8,267	8,768		
Premises and equipment, net	Premises and equipment, net	5,665	5,958		
Restricted stock	Restricted stock	7,025	5,439		
Bank owned life insurance (BOLI)	Bank owned life insurance (BOLI)	28,587	28,144		
Deferred tax asset	Deferred tax asset	9,940	9,184		
Other real estate owned (OREO)	Other real estate owned (OREO)	1,550	1,550		
Other	Other	11,604	5,364		

Total assets	Total assets	$1,983,672	$1,984,915	
Liabilities and Shareholders' Equity	**Liabilities and Shareholders' Equity**			**Liabilities and Shareholders' Equity**
Liabilities	Liabilities			Liabilities
Deposits	Deposits			Deposits
Noninterest-bearing deposits	Noninterest-bearing deposits	$ 231,116	$ 352,546	
Interest-bearing deposits	Interest-bearing deposits	1,301,865	1,223,435	
Total deposits	Total deposits	1,532,981	1,575,981	
FHLBNY borrowings	FHLBNY borrowings	111,150	83,150	
Subordinated debentures	Subordinated debentures	43,063	42,921	
Subordinated debentures				
Subordinated debentures				
Accrued interest payable	Accrued interest payable	3,843	2,664	
Other	Other	14,656	14,165	
Total liabilities	Total liabilities	1,705,693	1,718,881	
Shareholders' Equity	Shareholders' Equity			Shareholders' Equity
Preferred stock, 1,000,000 shares authorized, $1,000 liquidation value Series B non-cumulative convertible; 445 shares outstanding at September 30, 2023 and December 31, 2022		445	445	
Common stock, $0.10 par value; authorized 15,000,000 shares; Issued: 12,231,193 shares and 12,225,097 shares at September 30, 2023 and December 31, 2022, respectively		1,223	1,223	
Preferred stock, 1,000,000 shares authorized, $1,000 liquidation value Series B non-cumulative convertible; 375 shares outstanding at March 31, 2024 and December 31, 2023				

Common stock, $0.10 par value; authorized 15,000,000 shares; Issued: 12,247,343 shares and 12,240,821 shares at March 31, 2024 and December 31, 2023, respectively			
Additional paid-in capital	Additional paid-in capital	136,547	136,201
Retained earnings	Retained earnings	143,422	131,706
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(643)	(526)
Treasury stock, 284,522 shares at September 30, 2023 and December 31, 2022, at cost		(3,015)	(3,015)
Treasury stock, 284,522 shares at March 31, 2024 and December 31, 2023, at cost			
Total shareholders’ equity	Total shareholders’ equity	277,979	266,034
Total liabilities and shareholders' equity	Total liabilities and shareholders' equity	$1,983,672	$1,984,915
Total liabilities and shareholders' equity			
Total liabilities and shareholders' equity			

See accompanying notes to the unaudited consolidated financial statements

Parke Bancorp Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF INCOME
(unaudited)
(Dollars in thousands except per share data)

		For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
		2023	2022	2023	2022
Interest income:	Interest income:				
Interest income:					
Interest income:					
Interest income:					
Interest income:					
Interest income:					
Interest income:					

Interest income:									
Interest income:									
Interest and fees on loans									
Interest and fees on loans									
Interest and fees on loans	Interest and fees on loans	$	27,294	$	20,854	$	77,602	$	59,511
Interest and dividends on investments	Interest and dividends on investments		308		194		745		565
Interest and dividends on investments									
Interest and dividends on investments									
Interest on deposits with banks									
Interest on deposits with banks									
Interest on deposits with banks	Interest on deposits with banks		1,512		1,290		4,059		2,404
Total interest income	Total interest income		29,114		22,338		82,406		62,480
Total interest income									
Total interest income									
Interest expense:									
Interest expense:									
Interest expense:	Interest expense:								
Interest on deposits	Interest on deposits		11,385		2,284		28,046		5,893
Interest on deposits									
Interest on deposits									
Interest on borrowings									
Interest on borrowings									
Interest on borrowings	Interest on borrowings		2,046		758		5,661		2,176
Total interest expense	Total interest expense		13,431		3,042		33,707		8,069
Total interest expense									
Total interest expense									
Net interest income									
Net interest income									
Net interest income	Net interest income		15,683		19,296		48,699		54,411
Provision for (recovery of) credit losses	Provision for (recovery of) credit losses		300		600		(1,600)		950
Provision for (recovery of) credit losses									
Provision for (recovery of) credit losses									
Net interest income after provision for (recovery of) credit losses									
Net interest income after provision for (recovery of) credit losses									
Net interest income after provision for (recovery of) credit losses	Net interest income after provision for (recovery of) credit losses		15,383		18,696		50,299		53,461
Non-interest income	Non-interest income								
Non-interest income									
Non-interest income									
Service fees on deposit accounts	Service fees on deposit accounts		1,003		1,133		3,149		3,762

Gain on sale of SBA loans		—	76	—	98
Service fees on deposit accounts					
Service fees on deposit accounts					
Other loan fees					
Other loan fees					
Other loan fees	Other loan fees	192	422	611	1,138
Bank owned life insurance income	Bank owned life insurance income	153	144	443	424
Net gain on sale and valuation adjustment of OREO		38	—	38	328
Bank owned life insurance income					
Bank owned life insurance income					
Other					
Other					
Other	Other	449	253	972	827
Total non-interest income	Total non-interest income	1,835	2,028	5,213	6,577
Total non-interest income					
Total non-interest income					
Non-interest expense					
Non-interest expense					
Non-interest expense	Non-interest expense				
Compensation and benefits	Compensation and benefits	2,834	2,819	9,414	7,964
Compensation and benefits					
Compensation and benefits					
Professional services					
Professional services					
Professional services	Professional services	659	578	1,746	1,670
Occupancy and equipment	Occupancy and equipment	649	621	1,938	1,891
Occupancy and equipment					
Occupancy and equipment					
Data processing					
Data processing					
Data processing	Data processing	368	348	1,037	985
FDIC insurance and other assessments	FDIC insurance and other assessments	388	265	960	811
FDIC insurance and other assessments					
FDIC insurance and other assessments					
OREO expense					
OREO expense					
OREO expense	OREO expense	240	314	610	404
Other operating expense	Other operating expense	10,711	1,347	13,276	3,957
Other operating expense					
Other operating expense					
Total non-interest expense					
Total non-interest expense					
Total non-interest expense	Total non-interest expense	15,849	6,292	28,981	17,682

Income before income tax expense	Income before income tax expense	1,369	14,432	26,531	42,356
Income before income tax expense					
Income before income tax expense					
Income tax expense	Income tax expense	340	3,892	6,242	10,987
Income tax expense					
Income tax expense					
Net income attributable to Company					
Net income attributable to Company					
Net income attributable to Company	Net income attributable to Company	1,029	10,540	20,289	31,369
Less: Preferred stock dividend	Less: Preferred stock dividend	(7)	(7)	(20)	(20)
Less: Preferred stock dividend					
Less: Preferred stock dividend					
Net income available to common shareholders					
Net income available to common shareholders					
Net income available to common shareholders	Net income available to common shareholders	$ 1,022	$ 10,533	$ 20,269	$ 31,349
Earnings per common share	Earnings per common share				
Earnings per common share					
Earnings per common share					
Basic					
Basic					
Basic	Basic	$ 0.09	$ 0.88	$ 1.70	$ 2.63
Diluted	Diluted	$ 0.08	$ 0.87	$ 1.67	$ 2.58
Diluted					
Diluted					
Weighted average common shares outstanding					
Weighted average common shares outstanding					
Weighted average common shares outstanding	Weighted average common shares outstanding				
Basic	Basic	11,945,844	11,919,472	11,945,144	11,913,085
Basic					
Basic					
Diluted	Diluted	12,131,825	12,170,144	12,137,208	12,178,572
Diluted					
Diluted					

See accompanying notes to the unaudited consolidated financial statements

Parke Bancorp Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)
(Dollars in thousands)

	For the Three Months Ended September 30,	For the Nine Months Ended September 30,

	2023	2022	2023	2022
Net income attributable to the Company	$ 1,029	$ 10,540	$ 20,289	$ 31,369
Unrealized loss on investment securities	(179)	(478)	(157)	(1,161)
Tax impact on unrealized loss	46	123	40	299
Total unrealized loss on investment securities	(133)	(355)	(117)	(862)
Comprehensive income attributable to the Company	$ 896	$ 10,185	$ 20,172	$ 30,507

	For the Three Months Ended March 31,	
	2024	2023
Net income attributable to the Company	$ 6,151	$ 11,130
Unrealized (loss) gain on investment securities	(35)	82
Tax impact on unrealized loss (gain)	9	(21)
Total unrealized (loss) gain on investment securities	(26)	61
Comprehensive income attributable to the Company	$ 6,125	$ 11,191

See accompanying notes to the unaudited consolidated financial statements

Parke Bancorp, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF EQUITY
(unaudited)
(Dollars in thousands except share data)
Periods, Three-months ended September 30, 2023 March 31, 2024 and 2023

	Preferred Stock	Shares of Common Stock issued	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Shareholders' Equity
Three Months Ended								
Balance, June 30, 2023	$ 445	12,231,193	$ 1,223	$ 136,447	$ 144,550	$ (510)	$ (3,015)	$ 279,140
Net income	—	—	—	—	1,029	—	—	1,029
Other comprehensive loss	—	—	—	—	—	(133)	—	(133)
Three Months Ended								
Three Months Ended								
Three Months Ended								
Balance, December 31, 2022								
Balance, December 31, 2022								
Balance, December 31, 2022								
Cumulative effect of adoption of ASU 2016-13								
Cumulative effect of adoption of ASU 2016-13								
Cumulative effect of adoption of ASU 2016-13								
Net income								
Net income								
Net income								
Common stock options exercised								
Common stock options exercised								
Common stock options exercised								
Other comprehensive income								
Other comprehensive income								
Other comprehensive income								

Stock compensation expense									
Stock compensation expense									
Stock compensation expense	Stock compensation expense	—	—	—	100	—	—	—	100
Dividend on preferred stock (1)		—	—	—	—	(7)	—	—	(7)
Dividend on common stock (2)		—	—	—	—	(2,150)	—	—	(2,150)
Balance, September 30, 2023		$ 445	12,231,193	$ 1,223	$ 136,547	$ 143,422	$ (643)	$ (3,015)	$ 277,979
Nine Months Ended									
Balance, December 31, 2022		$ 445	12,225,097	$ 1,223	$ 136,201	$ 131,706	$ (526)	$ (3,015)	$ 266,034
Cumulative effect of adoption of ASU 2016-13		—	—	—	—	(2,102)	—	—	(2,102)
Dividend on preferred stock ($15.00 per share)									
Dividend on preferred stock ($15.00 per share)									
Dividend on preferred stock ($15.00 per share)									
Dividend on common stock ($0.18 per share)									
Dividend on common stock ($0.18 per share)									
Dividend on common stock ($0.18 per share)									
Balance, March 31, 2023									
Balance, March 31, 2023									
Balance, March 31, 2023									
Three Months Ended									
Three Months Ended									
Three Months Ended									
Balance, December 31, 2023									
Balance, December 31, 2023									
Balance, December 31, 2023									
Net income									
Net income									
Net income	Net income	—	—	—	—	20,289	—	—	20,289
Common stock options exercised	Common stock options exercised	—	6,096	—	33	—	—	—	33
Common stock options exercised									
Common stock options exercised									
Other comprehensive loss									
Other comprehensive loss									
Other comprehensive loss	Other comprehensive loss	—	—	—	—	—	(117)	—	(117)
Stock compensation expense	Stock compensation expense	—	—	—	313	—	—	—	313
Dividend on preferred stock (1)		—	—	—	—	(20)	—	—	(20)
Dividend on common stock (2)		—	—	—	—	(6,451)	—	—	(6,451)
Balance, September 30, 2023		$ 445	12,231,193	$ 1,223	$ 136,547	$ 143,422	$ (643)	$ (3,015)	$ 277,979
Stock compensation expense									
Stock compensation expense									
Dividend on preferred stock ($15.00 per share)									
Dividend on preferred stock ($15.00 per share)									

Dividend on preferred stock ($15.00 per share)
Dividend on common stock ($0.18 per share)
Dividend on common stock ($0.18 per share)
Dividend on common stock ($0.18 per share)
Balance, March 31, 2024
Balance, March 31, 2024
Balance, March 31, 2024

(1) Dividends per share of $15.00 and $45.00, respectively, were declared on series B preferred stock for the three and nine months ended September 30, 2023.

(2) Dividends per share of $0.18 and $0.54, respectively, were declared on common stock outstanding for the three and nine months ended September 30, 2023.

See accompanying notes to the unaudited consolidated financial statements

Parke Bancorp Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF EQUITY
(unaudited)
(Dollars in thousands except share data)
Periods, ended September 30, 2022

	Preferred Stock	Shares of Common Stock issued	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Treasury Stock	Total Shareholders' Equity
Three Months Ended								
Balance, June 30, 2022	$ 445	12,199,483	$ 1,220	$ 135,709	$ 115,020	$ (262)	$ (3,015)	$ 249,117
Net income	—	—	—	—	10,540	—	—	10,540
Common stock options exercised	—	7,614	1	59	—	—	—	60
Other comprehensive loss	—	—	—	—	—	(355)	—	(355)
Stock compensation expense	—	—	—	117	—	—	—	117
Dividend on preferred stock (1)	—	—	—	—	(7)	—	—	(7)
Dividend on common stock (2)	—	—	—	—	(2,144)	—	—	(2,144)
Balance, September 30, 2022	$ 445	12,207,097	$ 1,221	$ 135,885	$ 123,409	$ (617)	$ (3,015)	$ 257,328
Nine Months Ended								
Balance, December 31, 2021	$ 445	12,182,081	$ 1,218	$ 135,451	$ 98,017	$ 245	$ (3,015)	$ 232,361
Net income	—	—	—	—	31,369	—	—	31,369
Common stock options exercised	—	25,016	3	182	—	—	—	185
Other comprehensive loss	—	—	—	—	—	(862)	—	(862)
Stock compensation expense	—	—	—	252	—	—	—	252
Dividend on preferred stock (1)	—	—	—	—	(20)	—	—	(20)
Dividend on common stock (2)	—	—	—	—	(5,957)	—	—	(5,957)
Balance, September 30, 2022	$ 445	12,207,097	$ 1,221	$ 135,885	$ 123,409	$ (617)	$ (3,015)	$ 257,328

(1) Dividends per share of $15.00 and $45.00, respectively, were declared on series B preferred stock for the three and nine months ended September 30, 2022.

(2) Dividends per share of $0.18 and $0.50, respectively, were declared on common stock outstanding for the three and nine months ended September 30, 2022.

See accompanying notes to the unaudited consolidated financial statements

Parke Bancorp Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(Dollars in thousands)

		For the Nine Months Ended September 30,			For the Three Months Ended March 31,	
		2023	2022		2024	2023
Cash Flows from Operating Activities:	Cash Flows from Operating Activities:					
Cash Flows from Operating Activities:						
Cash Flows from Operating Activities:						
Cash Flows from Operating Activities:						
Cash Flows from Operating Activities:						
Cash Flows from Operating Activities:						
Cash Flows from Operating Activities:						
Cash Flows from Operating Activities:						
Cash Flows from Operating Activities:						
Net income	Net income	$ 20,289	$ 31,369			
Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:			Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	Depreciation and amortization	319	487			
(Recovery of) provision for credit losses		(1,600)	950			
Provision for (recovery of) credit losses						
Increase in value of bank owned life insurance	Increase in value of bank owned life insurance	(443)	(424)			
Gain on sale of SBA loans		—	(98)			
SBA loans originated for sale		—	(1,723)			
Proceeds from sale of SBA loans originated for sale		—	1,821			
Net gain on sale of OREO and valuation adjustments		(38)	(328)			
Net accretion of purchase premiums and discounts on securities						
Net accretion of purchase premiums and discounts on securities						
Net accretion of purchase premiums and discounts on securities	Net accretion of purchase premiums and discounts on securities	(28)	(4)			
Stock based compensation	Stock based compensation	313	252			
Net changes in:	Net changes in:					

(Increase) decrease in accrued interest receivable and other assets		(5,738)	226
Net changes in:			
Net changes in:			
Decrease in accrued interest receivable and other assets			
Increase in accrued interest payable and other accrued liabilities	Increase in accrued interest payable and other accrued liabilities	910	1,769
Net cash provided by operating activities	Net cash provided by operating activities	13,984	34,297
Cash Flows from Investing Activities:	Cash Flows from Investing Activities:		
Cash Flows from Investing Activities:			
Repayments and maturities of investment securities available for sale	Repayments and maturities of investment securities available for sale	1,919	2,367
Repayments and maturities of investment securities held to maturity	Repayments and maturities of investment securities held to maturity	105	380
Net increase in loans		(48,671)	(196,324)
Sales (purchases) of bank premises and equipment		116	(88)
Proceeds from sale of OREO, net		161	1,887
Net decrease (increase) in loans			
Net decrease (increase) in loans			
Net decrease (increase) in loans			
(Purchases) sales of bank premises and equipment			
Redemptions of restricted stock			
Redemptions of restricted stock			
Redemptions of restricted stock	Redemptions of restricted stock	6,480	237
Purchases of restricted stock	Purchases of restricted stock	(8,066)	(82)

Net cash used in investing activities		(47,956)	(191,623)	
Net cash provided by (used in) investing activities				
Cash Flows from Financing Activities:	Cash Flows from Financing Activities:			Cash Flows from Financing Activities:
Cash dividends	Cash dividends	(6,471)	(7,887)	
Proceeds from exercise of stock options	Proceeds from exercise of stock options	33	185	
Proceeds from exercise of stock options				
Proceeds from exercise of stock options				
Increase in FHLBNY long-term borrowings		20,000	—	
Net increase (decrease) in FHLBNY short-term borrowings		8,000	(5,000)	
Decrease in FHLBNY long-term borrowings				
Decrease in FHLBNY long-term borrowings				
Decrease in FHLBNY long-term borrowings				
Net increase in FHLBNY short-term borrowings				
Net decrease in noninterest-bearing deposits				
Net decrease in noninterest-bearing deposits				
Net decrease in noninterest-bearing deposits	Net decrease in noninterest-bearing deposits	(121,430)	(159,957)	
Net increase (decrease) in interest-bearing deposits	Net increase (decrease) in interest-bearing deposits	78,430	(73,224)	
Net cash used in financing activities	Net cash used in financing activities	(21,438)	(245,883)	
Net decrease in cash and cash equivalents	Net decrease in cash and cash equivalents	(55,410)	(403,209)	

Cash and Cash Equivalents, January 1,	Cash and Cash Equivalents, January 1,	182,150	596,553
Cash and Cash Equivalents, September 30,		$126,740	$193,344
Cash and Cash Equivalents, March 31,			
Supplemental Disclosure of Cash Flow Information:			
Supplemental Disclosure of Cash Flow Information:			
Supplemental Disclosure of Cash Flow Information:	Supplemental Disclosure of Cash Flow Information:		
Interest paid	Interest paid	$ 32,528	$ 8,590
Income taxes paid	Income taxes paid	$ 13,293	$ 9,638
Non-cash Investing and Financing Items	Non-cash Investing and Financing Items		
Non-cash Investing and Financing Items			
Non-cash Investing and Financing Items			
Loans transferred to OREO	Loans transferred to OREO	$ 123	$ 2,008
Accrued dividends payable	Accrued dividends payable	$ 2,157	$ 2,151

See accompanying notes to the unaudited consolidated financial statements

Notes to Consolidated Financial Statements (Unaudited)

NOTE 1. ORGANIZATION

Parke Bancorp, Inc. (the “Company, we, us, our”) is a bank holding company headquartered in Sewell, New Jersey. Through subsidiaries, the Company provides individuals, corporations and other businesses and institutions with commercial and retail banking services, principally loans and deposits. The Company was incorporated in January 2005 under the laws of the State of New Jersey for the sole purpose of becoming the holding company of Parke Bank (the "Bank").

The Bank is a commercial bank, which was incorporated on August 25, 1998, and commenced operations on January 28, 1999. The Bank is chartered by the New Jersey Department of Banking and Insurance and its deposits are insured by the Federal Deposit Insurance Corporation. The Bank maintains its principal office at 601 Delsea Drive, Sewell, New Jersey, and has six additional branch office locations; 501 Tilton Road, Northfield, New Jersey, 567 Egg Harbor Road, Washington Township, New Jersey, 67 East Jimmie Leeds Road, Galloway Township, New Jersey, 1150 Haddon Avenue, Collingswood, New Jersey, 1610 Spruce Street, Philadelphia, Pennsylvania, and 1032 Arch Street, Philadelphia, Pennsylvania. The Bank also has a loan office located at 1817 East Venango Street, Philadelphia, Pennsylvania.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Statement Presentation: We prepared our consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Parke Bank (including certain partnership interests). Parke Capital Trust I, Parke Capital Trust II and Parke Capital Trust III are wholly-owned subsidiaries but are not consolidated as they do not meet the requirements for consolidation under applicable accounting guidance. We have eliminated inter-company balances and transactions. We have also reclassified certain prior year amounts to conform to the current year presentation, which did not have a material impact on our consolidated financial condition or results of operations.

The accompanying interim financial statements should be read in conjunction with the annual financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023. The accompanying interim financial statements for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 are unaudited. The balance sheet as of December 31, 2022 December 31, 2023, was derived from the audited financial statements. In the opinion of management, these financial statements include all normal and recurring adjustments necessary for a fair statement of the results for such interim periods. Results of operations for the three and nine months ended September 30, 2023 March 31, 2024 are not necessarily indicative of the results for the full year or any other period.

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term include the allowance for credit losses, the valuation of deferred income taxes, and the carrying value of other real estate owned ("OREO").

Allowance for Credit Losses on Loans and Leases

The allowance for credit losses on loans and leases is a valuation account that is deducted from the loan or lease's amortized cost basis to present the net amount expected to be collected on the loans and leases. Loans and leases deemed to be uncollectible are charged against the allowance for credit losses on loans and leases, and subsequent recoveries, if any, are credited to the allowance for credit losses on loans and leases. Changes to the allowance for credit losses on loans and leases are recorded through the provision for credit losses. The allowance for credit losses on loans and leases is maintained at a level considered appropriate to absorb expected credit losses over the expected life of the portfolio as of the reporting date.

The allowance for credit losses on loans and leases is measured on a collective (pool) basis when similar risk characteristics exist. Parke's loan portfolio segments include commercial and industrial, construction, commercial - owner occupied, commercial - non-owner occupied, residential - 1 to 4 family, residential - 1 to 4 family investment, residential - multifamily, and consumer. Loans that do not share similar risk characteristics are evaluated on an individual basis. Loans evaluated individually are not also included in the collective evaluation. For individually assessed loans, see related details in the Individually Assessed Loans section below.

The allowance for credit losses on collectively assessed loans and leases is measured over the expected life of the loan or lease usinga vintage loss rate approach, which will then be supplemented with qualitative factors. The vintage loss rate approach creates pools of loans (made up of individual loans) based on the loan segmentation. The loan pools are aggregated by origination year. Charge-offs, net of recoveries, are allocated by the year of charge-off to each loan pool. An average life is prescribed to a pool of loans that were originated in a particular year. The actual charge-offs as a percent of total loans are calculated for each historical year, and projected for future years for each year within the average life time horizon. The sum of the actual charge-offs and projected charge-offs are divided by the average amortized origination amount for each respective year. Those charge-off percentages are added together to obtain an aggregated vintage loss percentage which is then multiplied by the outstanding loan balances to obtain a reserve requirement. Parke runs the Current Expected Credit Loss ("CECL") impairment models on a quarterly basis and qualitatively adjusts model results for risk factors that are not considered within the model but which are relevant in assessing the expected credit losses within the loan and lease pools. Management generally considers the following qualitative factors:

•Volume and severity of past-due loans, non-accrual loans and classified loans;
•Lending policies and procedures, including underwriting standards and historically based loss/collection, charge-off and recovery practices;
•National and economic conditions that may have an impact on credit quality;
•Nature and volume of the portfolio;
•Existence and effect of any credit concentrations and changes in the level of such concentrations;
•The value of the underlying collateral for loans that are not collateral dependent;
•Changes in the quality of the loan review system; and
•Experience, ability and depth of lending management and staff

Parke has elected to not estimate an allowance for credit losses on accrued interest receivable, as it already has a policy in place to reverse or write-off accrued interest, through interest income, in a timely manner.

Allowance for Credit Losses on Lending-Related Commitments

Parke estimates expected credit losses over the contractual period in which it is exposed to credit risk on contractual obligations to extend credit, unless the obligation is unconditionally cancellable by the Company. The allowance for credit losses on lending-related commitments is recorded in other liabilities in the consolidated balance sheet and is recorded as a provision for credit losses in the consolidated income statement. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over their estimated lives. The lifetime loss rates for off-balance sheet credit exposures are calculated in the same manner as on-balance sheet credit exposures, using the same model and economic forecasts, adjusted for the estimated likelihood that funding will occur.

Individually Assessed Loans and Leases

ASC 326 provides that a loan or lease is measured individually if it does not share similar risk characteristics with other financial assets. For Parke, loans and leases which are identified to be individually assessed under CECL typically are those that are on non-accrual at the reporting date, and include collateral dependent loans.

Collateral Dependent Loans
Parke considers a loan to be collateral dependent when foreclosure of the underlying collateral is probable. Parke has also elected to apply the practical expedient to measure expected credit losses of a collateral dependent asset using the fair value of the collateral, less any estimated costs to sell, when foreclosure is not probable but repayment of the loan is expected to be provided substantially through the operation or sale of the collateral, and the borrower is experiencing financial difficulty.

Allowance for Credit Losses on Held to Maturity Securities

We follow Accounting Standards Codification (ASC) 326-20, Financial Instruments - Credit Loss - Measured at Amortized Cost, to measure expected credit losses on held-to-maturity debt securities on a collective basis by security investment grade. The estimate of expected credit losses considers historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts.

The Company classifies the held-to-maturity debt securities into the following major security types: residential mortgage backed, and state and political subdivisions. These securities are highly rated with a history of no credit losses, and are assigned ratings based on the most recent data from ratings agencies depending on the availability of data for the security. Credit ratings of held-to-maturity debt securities, which are a significant input in calculating the expected credit loss, are reviewed on a quarterly basis.

Based on the credit ratings of our held-to-maturity securities and our historical experience including no losses, we have determined that an allowance for credit loss on the held-to-maturity portfolio is not required

Accrued interest receivable on held-to-maturity debt securities is excluded from the estimate of credit losses and is included in Accrued interest receivable on the Consolidated Statements of Financial Condition.

Allowance for Credit Losses on Available for Sale Securities

We follow ASC 326-30, Financial Instruments - Credit Loss - Available-for-Sale Debt Securities, which provides guidance related to the recognition of and expanded disclosure requirements for expected credit losses on available-for-sale debt securities. For available-for-sale debt securities in an unrealized loss position, the Company first evaluates whether it intends to sell, or it is more likely than not that it will be required to sell the security before recovery of its amortized cost basis. If either criteria is met, the security's amortized cost basis is reduced to fair value and recognized as a reduction to non-interest income in the Consolidated Statements of Income.

For debt securities available-for-sale which the Company does not intend to sell, or it is not likely the security would be required to be sold before recovery, we evaluate whether a decline in fair value has resulted from credit losses or other adverse factors, such as a change in the security's credit rating. In assessing whether a credit loss exists, the Company compares the present value of cash flows expected to be collected from the security with the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance is recorded, limited to the fair value of the security.

Recently Issued Accounting Pronouncements:

In March 2020, the FASB issued ASU No. 2020.-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting. The amendments provide optional guidance to entities for a limited period of time to ease the transition in accounting for and recognizing the effects of reference rate reform on financial reporting. Under the guidance, modifications of contracts due to reference rate reform will not require contract remeasurement or reassessment of a previous accounting determination. For hedge accounting, modification of critical terms of the hedge due to changes in reference rate reform will not affect hedge accounting or de-designate the hedging relationship. The guidance also provides specific expedients for fair value hedges, cash flow hedges, and excluded components. Further, the guidance provides a one-time election to sell or transfer held to maturity debt securities that are affected by the reference rate change. The guidance is effective upon issuance through December 31, 2022. In December 2022, the FASB issued ASU 2022-06, Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848, which extends the sunset (or expiration) date of Accounting Standards Codification (ASC) Topic 848 to December 31, 2024. This gives reporting entities two additional years to apply the accounting relief provided under ASC Topic 848 for matters related to reference rate reform. ASU 2022-06 is effective for all reporting entities immediately upon issuance and must be applied on a prospective basis. The Company does not expect the application of this guidance to have a material impact on the Consolidated Financial Statements.

Accounting Pronouncements Adopted in 2023

In June 2016, the Financial Accounting Standard Board (FASB) issued accounting standards update ("ASU") 2016-13, *Financial Instruments-Credit Losses.* ASU 2016-13 *(Topic 326)*, replaces the incurred loss impairment methodology in current GAAP with a CECL methodology and requires consideration of a broader range of information to determine credit loss estimates. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. The ASU was amended in some aspects by subsequent Accounting Standards Updates. This guidance became effective on January 1, 2023 for the Company. Results and disclosures for reporting periods beginning after January 1, 2023 are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP.

The Company adopted this guidance, and subsequent related updates, using the modified retrospective approach for all financial assets measured at amortized cost, including loans and held-to-maturity debt securities, and unfunded commitments. On January 1, 2023, the Company recorded a cumulative effect decrease to retained earnings of $2.1 million, net of tax, of which $1.9 million related to loans, and $960.0 thousand related to unfunded commitments. There were no such charges for securities held by the Company at the date of adoption.

The following table illustrates the impact of adopting ASC 326:

(Amounts in thousands)	January 1, 2023		
Assets	Pre-adoption	Adoption Impact	As Reported
ACL on loans			
Commercial and Industrial	$ 390	$ 168	$ 558
Construction	2,581	1,899	4,480
Commercial - Owner Occupied	2,298	(171)	2,127
Commercial - Non-owner Occupied	9,709	(951)	8,758
Residential - 1 to 4 Family	6,076	1,782	7,858
Residential - 1 to 4 Family Investment	9,381	(794)	8,587
Residential - Multifamily	1,347	(128)	1,219
Consumer	63	53	116
Total ACL on loans	31,845	1,858	33,703

Deferred Tax Assets		9,184		716	9,900
Liabilities					
ACL for unfunded commitments		—		960	960
Equity					
Retained Earnings	$	131,706	$	(2,102)	$ 129,604

NOTE 3. INVESTMENT SECURITIES

The following is a summary of the Company's investments in available for sale and held to maturity securities as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

As of September 30, 2023	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
	(Dollars in thousands)			
Available for sale:				
Residential mortgage-backed securities	$ 8,137	$ —	$ 866	$7,271
Total available for sale	$ 8,137	$ —	$ 866	$7,271
Held to maturity:				
Residential mortgage-backed securities	$ 5,449	$ —	$ 1,388	$4,061
States and political subdivisions	3,870	—	646	3,224
Total held to maturity	$ 9,319	$ —	$ 2,034	$7,285

As of March 31, 2024	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
	(Dollars in thousands)			
Available for sale:				
Residential mortgage-backed securities				
Residential mortgage-backed securities				
Total available for sale				
Total available for sale				
Held to maturity:				

As of December 31, 2023	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
	(Dollars in thousands)			
Available for sale:				
Residential mortgage-backed securities	$ 7,639	$ 3	$ 547	$ 7,095
Total available for sale	$ 7,639	$ 3	$ 547	$ 7,095

Held to maturity:				
Residential mortgage-backed securities	$ 5,406	$ —	$ 1,054	$ 4,352
States and political subdivisions	3,886	38	384	3,540
Total held to maturity	$ 9,292	$ 38	$ 1,438	$ 7,892

As of December 31, 2022	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
	(Dollars in thousands)			
Available for sale:				
Corporate debt obligations	$ 500	$ —	$ —	$ 500
Residential mortgage-backed securities	9,575	3	712	8,866
Total available for sale	$ 10,075	$ 3	$ 712	$ 9,366
Held to maturity:				
Residential mortgage-backed securities	$ 5,556	$ —	$ 1,096	$ 4,460
States and political subdivisions	3,822	56	533	3,345
Total held to maturity	$ 9,378	$ 56	$ 1,629	$ 7,805

The amortized cost and fair value of debt securities classified as available for sale and held to maturity, by contractual maturity as of September 30, 2023March 31, 2024 are as follows:

		Amortized Cost	Fair Value	Amortized Cost	Fair Value
		(Dollars in thousands)		(Dollars in thousands)	
Available for sale:	Available for sale:			Available for sale:	
Due within one year	Due within one year	$ —	$ —		
Due after one year through five years	Due after one year through five years	2,809	2,566		
Due after five years through ten years	Due after five years through ten years	1,541	1,396		
Due after ten years	Due after ten years	3,787	3,309		
Total available for sale	Total available for sale	$ 8,137	$7,271		
Held to maturity:	Held to maturity:				
Held to maturity:					
Held to maturity:					

Due within one year			
Due within one year			
Due within one year	Due within one year	$ —	$ —
Due after one year through five years	Due after one year through five years	1,395	1,385
Due after five years through ten years	Due after five years through ten years	—	—
Due after ten years	Due after ten years	7,924	5,900
Total held to maturity	Total held to maturity	$ 9,319	$7,285

Expected maturities may differ from contractual maturities because the issuers of certain debt securities do have the right to call or prepay their obligations without any penalty.

The Company did not sell any securities during the three and nine months ended September 30, 2023 March 31, 2024. The following tables show the gross unrealized losses and fair value of the Company's available for sale investments for which an allowance for credit losses has not been recorded, which are aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

As of September 30, 2023		Less Than 12 Months		12 Months or Greater		Total	
Description of Securities	Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
		(Dollars in thousand)					
Available for sale:	Available for sale:						
Residential mortgage-backed securities	Residential mortgage-backed securities	$230	$ 4	$7,041	$ 862	$7,271	$ 866
Total available for sale	Total available for sale	$230	$ 4	$7,041	$ 862	$7,271	$ 866
Held to maturity:							
Residential mortgage-backed securities		$ —	$ —	$4,061	$ 1,388	$4,061	$ 1,388
States and political subdivisions		—	—	3,224	646	3,224	646
Total held to maturity		$ —	$ —	$7,285	$ 2,034	$7,285	$ 2,034

As of March 31, 2024	As of March 31, 2024	Less Than 12 Months		12 Months or Greater		Total	
	Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
		(Dollars in thousand)					
	Available for sale:						

As of December 31, 2022	Less Than 12 Months	12 Months or Greater	Total

As of December 31, 2023

As of December 31, 2023	Less Than 12 Months		12 Months or Greater		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(Dollars in thousands)					
Available for sale:						
Residential mortgage-backed securities	$7,579	$ 576	$1,043	$ 136	$8,622	$ 712
Total available for sale	$7,579	$ 576	$1,043	$ 136	$8,622	$ 712
Held to maturity:						
Residential mortgage-backed securities	$ —	$ —	$4,460	$ 1,096	$4,460	$ 1,096
States and political subdivisions	—	—	1,943	533	1,943	533
Total held to maturity	$ —	$ —	$6,403	$ 1,629	$6,403	$ 1,629

The Company's unrealized loss for the debt securities is comprised of 16 8 securities in the less than 12 months loss position and 19 20 securities in the 12 months or greater loss position at September 30, 2023 March 31, 2024. The mortgage-backed securities that had unrealized losses were issued or guaranteed by the US government or US government sponsored entities. The unrealized losses associated with those mortgage-backed securities are generally driven by changes in interest rates and are not due to credit losses given the explicit or implicit guarantees provided by the U.S. government. The states and political subdivisions securities that had unrealized losses were issued by a school district, and the loss is attributed to changes in interest rates and not due to credit losses. Because the Company does not intend to sell the securities and it is not more likely than not that the Company will be required to sell these investments before recovery of their amortized cost basis, the Company does not consider the unrealized loss in these securities to be credit losses at September 30, 2023 March 31, 2024.

NOTE 4. LOANS AND ALLOWANCE FOR CREDIT LOSSES ON LOANS

At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company had $1.80 billion $1.79 billion and $1.75 billion $1.79 billion, respectively, in loans receivable outstanding. Outstanding balances include $2.2 million $2.4 million and $1.9 million $2.7 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, for net deferred loan costs, and unamortized discounts.

The portfolio segments of loans receivable at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, consist of the following:

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
	(Dollars in thousands)		(Dollars in thousands)	
Commercial and Industrial	$ 31,968	$ 32,383		
Construction	150,823	192,357		
Real Estate Mortgage:				
Commercial – Owner Occupied	143,237	125,950		
Commercial – Non-owner Occupied	384,222	377,452		
Residential – 1 to 4 Family	461,070	444,820		

Residential – 1 to 4 Family Investment	Residential – 1 to 4 Family Investment	500,076	476,210
Residential – Multifamily	Residential – Multifamily	122,702	95,556
Consumer	Consumer	5,925	6,731
Total Loan receivable	Total Loan receivable	1,800,023	1,751,459
Allowance for credit losses on loans	Allowance for credit losses on loans	(32,319)	(31,845)
Total loan receivable, net of allowance for credit losses on loans	Total loan receivable, net of allowance for credit losses on loans	$1,767,704	$1,719,614

An age analysis of past due loans by class at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 is as follows:

September 30, 2023		30-59 Days Past Due	60-89 Days Past Due	Greater than 90 Days	Total Past Due	Current	Total Loans	
March 31, 2024								
March 31, 2024								
March 31, 2024								
		(Dollars in Thousands)						(Dollars in Thousands)
Commercial and Industrial	Commercial and Industrial	$ —	$ —	$ 468	$ 468	$ 31,500	$ 31,968	
Construction	Construction	—	—	1,091	1,091	149,732	150,823	
Construction								
Construction								
Real Estate Mortgage:								
Real Estate Mortgage:								
Real Estate Mortgage:	Real Estate Mortgage:							
Commercial – Owner Occupied	Commercial – Owner Occupied	—	—	1,117	1,117	142,120	143,237	
Commercial – Owner Occupied								
Commercial – Owner Occupied								
Commercial – Non-owner Occupied								
Commercial – Non-owner Occupied								
Commercial – Non-owner Occupied	Commercial – Non-owner Occupied	—	2,678	17,062	19,740	364,482	384,222	
Residential – 1 to 4 Family	Residential – 1 to 4 Family	186	1,290	—	1,476	459,594	461,070	
Residential – 1 to 4 Family								
Residential – 1 to 4 Family								
Residential – 1 to 4 Family Investment								

Residential – 1 to 4 Family Investment							
Residential – 1 to 4 Family Investment	Residential – 1 to 4 Family Investment	—	349	—	349	499,727	500,076
Residential – Multifamily	Residential – Multifamily	—	—	—	—	122,702	122,702
Residential – Multifamily							
Residential – Multifamily							
Consumer							
Consumer							
Consumer	Consumer	16	—	—	16	5,909	5,925
Total Loans	Total Loans	$ 202	$ 4,317	$ 19,738	$ 24,257	$ 1,775,766	$ 1,800,023
Total Loans							
Total Loans							

December 31, 2022		30-59 Days Past Due	60-89 Days Past Due	Greater than 90 Days	Total Past Due	Current	Total Loans	
December 31, 2023								
December 31, 2023								
December 31, 2023								
		(Dollars in thousands)						(Dollars in thousands)
Commercial and Industrial	Commercial and Industrial	$ —	$ 89	$ —	$ 89	$ 32,294	$ 32,383	
Construction	Construction	—	—	1,091	1,091	191,266	192,357	
Construction								
Construction								
Real Estate Mortgage:								
Real Estate Mortgage:								
Real Estate Mortgage:	Real Estate Mortgage:							
Commercial – Owner Occupied	Commercial – Owner Occupied	—	—	400	400	125,550	125,950	
Commercial – Owner Occupied								
Commercial – Owner Occupied								
Commercial – Non-owner Occupied								
Commercial – Non-owner Occupied								
Commercial – Non-owner Occupied	Commercial – Non-owner Occupied	—	—	14,553	14,553	362,899	377,452	
Residential – 1 to 4 Family	Residential – 1 to 4 Family	58	—	162	220	444,600	444,820	
Residential – 1 to 4 Family								
Residential – 1 to 4 Family								
Residential – 1 to 4 Family Investment								
Residential – 1 to 4 Family Investment								
Residential – 1 to 4 Family Investment	Residential – 1 to 4 Family Investment	—	—	—	—	476,210	476,210	
Residential – Multifamily	Residential – Multifamily	—	—	—	—	95,556	95,556	

Residential – Multifamily							
Residential – Multifamily							
Consumer							
Consumer							
Consumer	Consumer	78	—	70	148	6,583	6,731
Total Loans	Total Loans	$ 136	$ 89	$ 16,276	$ 16,501	$ 1,734,958	$ 1,751,459
Total Loans							
Total Loans							

The following table provides the amortized cost of loans on nonaccrual status:

		September 30, 2023										
		March 31, 2024										March 31, 2024
(amounts in thousands)	(amounts in thousands)	Nonaccrual with no ACL	Nonaccrual with ACL	Total Nonaccrual	Loans Past Due Over 90 Days Still Accruing	Total Nonperforming	(amounts in thousands)	Nonaccrual with no ACL	Nonaccrual with ACL	Total Nonaccrual	Loans Past Due Over 90 Days Still Accruing	Total Nonperforming
Commercial and Industrial	Commercial and Industrial	$ 468	$ —	$ 468	$ —	$ 468						
Construction	Construction	1,091	—	1,091	—	1,091						
Commercial - Owner Occupied	Commercial - Owner Occupied	717	400	1,117	—	1,117						
Commercial - Non-owner Occupied	Commercial - Non-owner Occupied	13,370	3,692	17,062	—	17,062						
Residential - 1 to 4 Family	Residential - 1 to 4 Family	—	—	—	—	—						
Residential - 1 to 4 Family Investment	Residential - 1 to 4 Family Investment	—	—	—	—	—						
Residential - Multifamily	Residential - Multifamily	—	—	—	—	—						
Consumer	Consumer	—	—	—	—	—						
Total	Total	$ 15,646	$ 4,092	$ 19,738	$ —	$ 19,738						

	December 31, 2022	
(amounts in thousands)	Total Nonaccrual	Loans Past Due Over 90 Days Still Accruing
Commercial and Industrial	$ —	$ —
Construction	1,091	—
Commercial - Owner Occupied	587	—
Commercial - Non-owner Occupied	19,568	—
Residential - 1 to 4 Family	417	—
Residential - 1 to 4 Family Investment	—	—
Residential - Multifamily	—	—
Consumer	70	—
Total	$ 21,733	$ —

(amounts in thousands)	December 31, 2023				
	Nonaccrual with no ACL	Nonaccrual with ACL	Total Nonaccrual	Loans Past Due Over 90 Days Still Accruing	Total Nonperforming
Commercial and Industrial	$ 277	$ 435	$ 712	$ —	$ 712
Construction	1,091	—	1,091	—	1,091
Commercial - Owner Occupied	717	400	1,117	—	1,117
Commercial - Non-owner Occupied	3,107	—	3,107	—	3,107
Residential - 1 to 4 Family	1,211	—	1,211	—	1,211
Residential - 1 to 4 Family Investment	—	—	—	—	—
Residential - Multifamily	—	—	—	—	—
Consumer	—	—	—	—	—
Total	$ 6,403	$ 835	$ 7,238	$ —	$ 7,238

Allowance For Credit Losses (ACL)

We maintain the ACL at a level that we believe to be appropriate to absorb estimated credit losses in the loan portfolios as of the balance sheet date. We established our allowance in accordance with guidance provided in Accounting Standard Codification ("ASC") - Financial Instruments - Credit Losses ("ASC 326").

The allowance for credit losses represents management's estimate of expected losses inherent in the Company's lending activities excluding loans accounted for under fair value. The allowance for credit losses is maintained through charges to the provision for credit losses in the Consolidated Statements of Income as expected losses are estimated. Loans or portions thereof that are determined to be uncollectible are charged against the allowance, and subsequent recoveries, if any, are credited to the allowance.

The Company performs periodic reviews of its loan and lease portfolios to identify credit risks and to assess the overall collectability of those portfolios. The Company's allowance for credit losses includes a general component and an asset-specific component for collateral-dependent loans. To determine the asset-specific component of the allowance, the loans are evaluated individually based on the fair value of the underlying collateral. The Company generally measures the asset-specific allowance as the difference between the net realizable value of loan collateral and the recorded investment of a loan.

The general component of the allowance evaluates the impairments of pools of the loan portfolio collectively. It incorporates a historical valuation allowance and qualitative allowance. The historical valuation utilizes a vintage loss rate approach utilizing a third party software model. The vintage loss rate approach creates pools of loans based on the segments defined by management, and consists of commercial and industrial, construction, commercial - owner occupied, commercial - non-owner occupied, residential - 1 to 4 family, residential - 1 to 4 family investment, residential - multifamily, and consumer. The loan pools are aggregated by origination year. Charge-offs, net of recoveries, are allocated by the year of charge-off to each loan pool. An average life is prescribed to a pool of loans that were originated in a particular year. The actual charge-offs as a percent of total loans are calculated for each historical year, and projected for future years for each year within the average life time horizon. The sum of the actual charge-offs and projected charge-offs are divided by the average amortized origination amount for each respective year. Those charge-off percentages are added together to obtain an aggregated vintage loss percentage which is then multiplied by the outstanding loan balances to obtain a reserve requirement.

The qualitative allowance component is based on general economic conditions and other qualitative risk factors both internal and external to the Company. It is generally determined by evaluating, among other things: (i) the experience, ability and effectiveness of the Bank's lending management and staff; (ii) the effectiveness of the Bank's lending policies, procedures and internal controls;(iii) volume and severity of loan credit quality; (iv) nature and volume of portfolio and term of loans (v) the composition and concentrations of credit; (vi) the effectiveness of the internal loan review system; and (vii) national and local economic trends and conditions, and industry conditions. Management evaluates the degree of risk that each one of these components has on the quality of the loan portfolio on a quarterly basis. Each component is determined to have either a high, high-moderate, moderate, low-moderate or low degree of risk. The results are then input into a "general allocation matrix" to determine an appropriate general valuation allowance.

The Company has elected to exclude accrued interest receivable from the measurement of the ACL. When a loan is placed on non-accrual status, any outstanding accrued interest is generally reversed against interest income.

The process of determining the level of the allowance for credit losses requires a high degree of estimate and judgment. It is reasonably possible that actual outcomes may differ from our estimates.

Allowance for Credit Losses on Off-Balance Sheet Credit Exposures

The Company estimates expected credit losses over the contractual period in which the Company is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Company. The allowance for credit losses on off-balance sheet credit exposures is adjusted through the provision for credit loss expense. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life. At September 30, 2023March 31, 2024 and December 31, 2023, the allowance for credit losses on off-balance sheet credit exposures was $760.0 thousand. $938.0 thousand and $499 thousand, respectively.

The following tables present the information regarding the allowance for credit losses for the three months ended March 31, 2024 and associated loan data by portfolio segment under the CECL model in accordance with ASC 326: 2023:

	Real Estate Mortgage

	Commercial and Industrial	Construction	Commercial Owner Occupied	Commercial Non-owner Occupied	Residential 1 to 4 Family	Residential 1 to 4 Family Investment	Residential Multifamily	Consumer	Total
Allowance for credit losses	(Dollars in thousands)								
Three months ended September 30, 2023									
June 30, 2023	$ 590	$ 3,978	$ 1,869	$ 8,798	$ 7,710	$ 7,740	$ 1,232	$ 98	$ 32,015
Charge-offs	—	—	—	—	—	—	—	—	—
Recoveries	4	—	—	—	—	—	—	—	4
Provisions (benefits)	(79)	(833)	(153)	(276)	1,164	489	25	(37)	300
Ending Balance at September 30, 2023	$ 515	$ 3,145	$ 1,716	$ 8,522	$ 8,874	$ 8,229	$ 1,257	$ 61	$ 32,319
Allowance for credit losses									
Nine months ended September 30, 2023									
December 31, 2022	$ 390	$ 2,581	$ 2,298	$ 9,709	$ 6,076	$ 9,381	$ 1,347	$ 63	$ 31,845
Impact of adoption ASC 326	168	1,899	(171)	(951)	1,782	(794)	(128)	53	1,858
Charge-offs	—	—	—	—	—	—	—	—	—
Recoveries	14	—	2	—	—	—	—	—	16
Provisions (benefits)	(57)	(1,335)	(413)	(236)	1,016	(358)	38	(55)	(1,400)
Ending Balance at September 30, 2023	$ 515	$ 3,145	$ 1,716	$ 8,522	$ 8,874	$ 8,229	$ 1,257	$ 61	$ 32,319

			Real Estate Mortgage						
	Commercial and Industrial	Construction	Commercial Owner Occupied	Commercial Non-owner Occupied	Residential 1 to 4 Family	Residential 1 to 4 Family Investment	Residential Multifamily	Consumer	Total
	(Dollars in thousands)								
Three months ended March 31, 2024									
December 31, 2023	$ 926	$ 3,347	$ 1,795	$ 7,108	$ 9,061	$ 8,783	$ 1,049	$ 62	$ 32,131
Charge-offs	—	—	—	—	—	—	—	—	—
Recoveries	22	—	—	—	—	—	—	—	22
Provisions (benefits)	112	(314)	(104)	(1,722)	274	813	698	8	(235)
Ending Balance at March 31, 2024	$ 1,060	$ 3,033	$ 1,691	$ 5,386	$ 9,335	$ 9,596	$ 1,747	$ 70	$ 31,918

During the quarter, the increase to the Residential 1 to 4 Family and Residential 1 to 4 Family Investment portfolio's Multifamily portfolio was due to an increase in the portfolio balances as well as an increase in balance that increased the loan exposure and also caused changes to the qualitative factor for factors related to concentration levels within the portfolio segments. The increase to the Residential 1 to 4 Family Residential Investment portfolio is driven by an increase in delinquent loan balances. changes to the qualitative factors related to concentration levels within the portfolio segments. The credit provision benefit during the quarter to the Construction Commercial Non-owner Occupied segment was mainly due to a decrease in the problem loan balance as well as a decrease in the portfolio balance.

For

			Real Estate Mortgage						
	Commercial and Industrial	Construction	Commercial Owner Occupied	Commercial Non-owner Occupied	Residential 1 to 4 Family	Residential 1 to 4 Family Investment	Residential Multifamily	Consumer	Total
	(Dollars in thousands)								
Three months ended March 31, 2023									
December 31, 2022	$ 390	$ 2,581	$ 2,298	$ 9,709	$ 6,076	$ 9,381	$ 1,347	$ 63	$ 31,845
Impact of adoption of ASC 326	168	1,899	(171)	(951)	1,782	(795)	(128)	53	$ 1,857
Charge-offs	—	—	—	—	—	—	—	—	—
Recoveries	3	—	2	—	—	—	—	—	5
Provisions (benefits)	177	(881)	(253)	(682)	(52)	(516)	19	(12)	(2,200)
Ending Balance at March 31, 2023	$ 738	$ 3,599	$ 1,876	$ 8,076	$ 7,806	$ 8,070	$ 1,238	$ 104	$ 31,507

During the nine months ended September 30, 2023, quarter, the increase to the provision for the Residential 1 to 4 Family portfolio was mainly driven by an increase in the qualitative factor due to an increase in delinquent loan balances. The credit provision provisions to the Construction, Commercial Non-owner Occupied, and Residential 1 to 4 1-4 Family Investment segments was were largely driven by declines or slowdowns to growth within the portfolio that lowered the loan exposure and also caused changes to the qualitative factors related to loan volume within the portfolio segments, segments. The credit provision to the Commercial Owner Occupied segment was largely driven by a reduction in other assets especially mentioned ("OAEM") loans during the quarter, partially offset by an increase in the balance of the Residential 1 - 4 Family Investment segment. The credit provision for the Commercial Owner Occupied portfolio is attributed to a decrease in the historical vintage reserve rate.

The following tables present the information regarding the allowance for loan losses and associated loan data by portfolio segment under the incurred loss model:

			Real Estate Mortgage						
	Commercial and Industrial	Construction	Commercial Owner Occupied	Commercial Non-owner Occupied	Residential 1 to 4 Family	Residential 1 to 4 Family Investment	Residential Multifamily	Consumer	Total
Allowance for loan losses	(Dollars in thousands)								
Three months ended September 30, 2022									
June 30, 2022	$ 551	$ 2,202	$ 2,742	$ 7,549	$ 7,291	$ 8,920	$ 1,098	$ 95	$ 30,448
Charge-offs	—	—	—	—	(66)	—	—	—	(66)
Recoveries	3	—	4	—	—	—	—	—	7
Provisions (benefits)	(137)	653	(140)	368	(424)	203	92	(15)	600
Ending Balance at September 30, 2022	$ 417	$ 2,855	$ 2,606	$ 7,917	$ 6,801	$ 9,123	$ 1,190	$ 80	$ 30,989
Allowance for loan losses									
Nine months ended September 30, 2022									
December 31, 2021	$ 417	$ 2,662	$ 2,997	$ 7,476	$ 7,045	$ 7,925	$ 1,215	$ 108	$ 29,845
Charge-offs	—	—	—	—	(66)	—	—	—	(66)
Recoveries	12	100	15	—	133	—	—	—	260
Provisions (benefits)	(12)	93	(406)	441	(311)	1,198	(25)	(28)	950
Ending Balance at September 30, 2022	$ 417	$ 2,855	$ 2,606	$ 7,917	$ 6,801	$ 9,123	$ 1,190	$ 80	$ 30,989
Allowance for loan losses									
Individually evaluated for impairment	$ —	$ —	$ 4	$ 125	$ 20	$ —	$ —	$ —	$ 149
Collectively evaluated for impairment	417	2,855	2,602	7,792	6,781	9,123	1,190	80	30,840
Ending Balance at September 30, 2022	$ 417	$ 2,855	$ 2,606	$ 7,917	$ 6,801	$ 9,123	$ 1,190	$ 80	$ 30,989
Loans									
Individually evaluated for impairment	$ —	$ 1,139	$ 1,177	$ 19,655	$ 420	$ —	$ —	$ 70	$ 22,461
Collectively evaluated for impairment	29,407	192,972	128,929	327,888	431,646	460,922	78,162	6,970	1,656,896
Ending Balance at September 30, 2022	$ 29,407	$ 194,111	$ 130,106	$ 347,543	$ 432,066	$ 460,922	$ 78,162	$ 7,040	$ 1,679,357

The increase in the allowance for loan loss balance for the nine months ended September 30, 2022 in the residential 1 to 4 family investment and commercial non-owner occupied portfolio segments was primarily attributable to loan growth. The decrease in the allowance for loan loss balance in the commercial owner occupied portfolio segment for the nine months ended September 30, 2022 was due to decreases in non-performing balances. volume.

Collateral-Dependent Loans

The following table presents the collateral-dependent loans by portfolio segment and collateral type at September 30, 2023 March 31, 2024:

(amounts in thousands)	Real Estate		Business Assets		Other	
Commercial and Industrial	$	468 698	$	—	$	—
Construction		1,091		—		—
Commercial - Owner Occupied		1,117		—		—
Commercial - Non-owner Occupied		1,716 2,106		—		—
Residential - 1 to 4 Family		1,954		—		— —
Residential - 1 to 4 Family Investment		—		—		—
Residential - Multifamily		—		—		—
Consumer		—		—		—
Total	$	4,392 6,966	$	—	$	—

The following table presents the collateral-dependent loans by portfolio segment and collateral type at December 31, 2023:

(amounts in thousands)	Real Estate		Business Assets		Other	
Commercial and Industrial	$	712	$	—	$	—
Construction		1,091		—		—
Commercial - Owner Occupied		1,117		—		—
Commercial - Non-owner Occupied		3,107		—		—
Residential - 1 to 4 Family		1,211		—		—
Residential - 1 to 4 Family Investment		—		—		—
Residential - Multifamily		—		—		—
Consumer		—		—		—
Total	$	7,238	$	—	$	—

Credit Quality Indicators: As part of the on-going monitoring of the credit quality of the Company's loan portfolio, management tracks certain credit quality indicators including trends related to the risk grades of loans, the level of classified loans, net charge-offs, nonperforming loans (see details above) and the general economic conditions in the region.

The Company utilizes a risk grading matrix to assign a risk grade to each of its loans. Loans are graded on a scale of 1 to 7. Grades 1 through 4 are considered “Pass”. A description of the general characteristics of the seven risk grades is as follows:

1. Good: Borrower exhibits the strongest overall financial condition and represents the most creditworthy profile.
2. Satisfactory (A): Borrower reflects a well-balanced financial condition, demonstrates a high level of creditworthiness and typically will have a strong banking relationship with the Bank.
3. Satisfactory (B): Borrower exhibits a balanced financial condition and does not expose the Bank to more than a normal or average overall amount of risk. Loans are considered fully collectable.
4. Watch List: Borrower reflects a fair financial condition, but there exists an overall greater than average risk. Risk is deemed acceptable by virtue of increased monitoring and control over borrowings. Probability of timely repayment is present.
5. Other Assets Especially Mentioned (OAEM): Financial condition is such that assets in this category have a potential weakness or pose unwarranted financial risk to the Bank even though the asset value is not currently impaired. individually evaluated. The asset does not currently warrant adverse classification but if not corrected could weaken and could create future increased risk exposure. Includes loans that require an increased degree of monitoring or servicing as a result of internal or external changes.
6. Substandard: This classification represents more severe cases of #5 (OAEM) characteristics that require increased monitoring. Assets are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected. Assets are inadequately protected by the current net worth and paying capacity of the borrower or of the collateral. Asset has a well-defined weakness or weaknesses that impairs the ability to repay debt and jeopardizes the timely liquidation or realization of the collateral at the asset’s net book value.
7. Doubtful: Assets which have all the weaknesses inherent in those assets classified #6 (Substandard) but the risks are more severe relative to financial deterioration in capital and/or asset value; accounting/evaluation techniques may be questionable and the overall possibility for collection in full is highly improbable. Borrowers in this category require constant monitoring, are considered work-out loans and present the potential for future loss to the Bank.

The following tables provide an analysis of loans by portfolio segment based on the credit quality indicators used to determine the allowance for credit losses, as of March 31, 2024.

(Dollars in thousands)	**Term Loans Amortized Cost Basis by Origination Year**	**Revolving Loans at Amortized**

As of March 31, 2024		2024	2023	2022	2021	2020	Prior	Cost Basis	Total
Commercial and Industrial									
	Pass	$ 574	$ 4,584	$ 1,115	$ 56	$ 734	$ 7,459	$ 21,782	$ 36,304
	OAEM	—	—	—	—	—	—	—	—
	Substandard	—	—	421	—	—	—	277	698
	Doubtful	—	—	—	—	—	—	—	—
		$ 574	$ 4,584	$ 1,536	$ 56	$ 734	$ 7,459	$ 22,059	$ 37,002
Current period gross charge-offs		$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Construction									
	Pass	$ —	$ 321	$ 3,337	$ 10	$ 207	$ —	$ 137,212	$ 141,087
	OAEM	—	—	—	—	—	—	—	—
	Substandard	—	—	—	—	—	1,091	—	1,091
	Doubtful	—	—	—	—	—	—	—	—
		$ —	$ 321	$ 3,337	$ 10	$ 207	$ 1,091	$ 137,212	$ 142,178
Current period gross charge-offs		$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial – Owner Occupied									
	Pass	$ —	$ 19,729	$ 35,746	$ 21,380	$ 6,976	$ 52,379	$ 2,694	$ 138,904
	OAEM	—	—	—	—	—	—	—	—
	Substandard	—	—	—	—	—	1,117	—	1,117
	Doubtful	—	—	—	—	—	—	—	—
		$ —	$ 19,729	$ 35,746	$ 21,380	$ 6,976	$ 53,496	$ 2,694	$ 140,021
Current period gross charge-offs		$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial – Non-owner Occupied									
	Pass	$ 19,977	$ 15,908	$ 75,683	$ 33,292	$ 32,735	$ 164,639	$ 1,235	$ 343,469
	OAEM	—	—	—	—	—	15,386	—	15,386
	Substandard	—	—	—	—	249	1,857	—	2,106
	Doubtful	—	—	—	—	—	—	—	—
		$ 19,977	$ 15,908	$ 75,683	$ 33,292	$ 32,984	$ 181,882	$ 1,235	$ 360,961
Current period gross charge-offs		$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Residential – 1 to 4 Family									
	Performing	$ 22,696	$ 57,115	$ 115,529	$ 60,054	$ 32,883	$ 153,230	$ 4,758	$ 446,265
	Nonperforming	—	—	—	—	758	1,196	—	1,954
		$ 22,696	$ 57,115	$ 115,529	$ 60,054	$ 33,641	$ 154,426	$ 4,758	$ 448,219
Current period gross charge-offs		$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Residential – 1 to 4 Family Investment									
	Performing	$ 13,128	$ 85,537	$ 135,889	$ 113,834	$ 48,909	$ 125,732	$ —	$ 523,029
	Nonperforming	—	—	—	—	—	—	—	—
		$ 13,128	$ 85,537	$ 135,889	$ 113,834	$ 48,909	$ 125,732	$ —	$ 523,029
Current period gross charge-offs		$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Residential – Multifamily									
	Pass	$ 999	$ 5,400	$ 45,934	$ 26,258	$ 12,088	$ 38,176	$ —	$ 128,855
	OAEM	—	—	—	—	—	—	—	$ —
	Substandard	—	—	—	—	—	—	—	$ —
	Doubtful	—	—	—	—	—	—	—	—
		$ 999	$ 5,400	$ 45,934	$ 26,258	$ 12,088	$ 38,176	$ —	$ 128,855
Current period gross charge-offs		$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

Consumer								
Performing	$	— $	— $	— $	— $	— $	5,277 $	— $	5,277
Nonperforming		—	—	—	—	—	—	—	—
	$	— $	— $	— $	— $	— $	5,277 $	— $	5,277
Current period gross charge-offs	$	— $	— $	— $	— $	— $	— $	— $	—

As of March 31, 2024, the Company was in the process of foreclosing on $6.4 million in loans, consisting of 12 residential 1 to 4 family loans with a principal balance of $2.0 million, two commercial - owner occupied loans with a principal balance of $1.1 million, and three commercial - non-owner occupied loans with a principal balance of $3.3 million.

The following tables provide an analysis of loans by portfolio segment based on the credit quality indicators used to determine the allowance for credit losses, as of September 30, 2023 under the current expected credit loss model. December 31, 2023.

(Dollars in thousands)	*(Dollars in thousands)*	Term Loans Amortized Cost Basis by Origination Year					Revolving Loans at Amortized Cost Basis	Total
As of September 30, 2023		**2023**	**2022**	**2021**	**2020**	**Prior**		
(Dollars in thousands)								
(Dollars in thousands)								
As of December 31, 2023								
As of December 31, 2023								
As of December 31, 2023		**2023**	**2022**	**2021**	**2020**	**2019**	**Prior**	**Total**
Commercial and Industrial	**Commercial and Industrial**							
	Pass							
	Pass							
Pass	Pass	$ 4,435	$ 1,857	$ 109	$ 3,442	$ 7,550	$ 14,109	$ 31,502
OAEM	OAEM	—	—	—	—	—	—	—
Substandard	Substandard	—	466	—	—	—	—	466
Doubtful	Doubtful	—	—	—	—	—	—	—
		$ 4,435	$ 2,323	$ 109	$ 3,442	$ 7,550	$ 14,109	$ 31,968
	$							
Current period gross charge-offs	Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Construction	**Construction**							
Construction								
Construction								
	Pass							
	Pass							
Pass	Pass	$ 324	$ 3,338	$ 4,500	$ 193	$ —	$ 141,377	$149,732
OAEM	OAEM	—	—	—	—	—	—	—
Substandard	Substandard	—	—	—	—	—	1,091	1,091
Doubtful	Doubtful	—	—	—	—	—	—	—
		$ 324	$ 3,338	$ 4,500	$ 193	$ —	$ 142,468	$150,823
	$							
Current period gross charge-offs	Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial – Owner Occupied	**Commercial – Owner Occupied**							
Commercial – Owner Occupied								

Commercial – Owner Occupied								
	Pass							
	Pass							
Pass	Pass	$19,546	$ 36,255	$21,678	$ 7,173	$ 55,090	$ 2,378	$142,120
OAEM	OAEM	—	—	—	—	—	—	—
Substandard	Substandard	—	—	—	—	1,117	—	1,117
Doubtful	Doubtful	—	—	—	—	—	—	—
		$19,546	$ 36,255	$21,678	$ 7,173	$ 56,207	$ 2,378	$143,237
	$							
Current period gross charge-offs	Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial – Non-owner Occupied	**Commercial – Non-owner Occupied**							
Commercial – Non-owner Occupied								
Commercial – Non-owner Occupied								
	Pass							
	Pass							
Pass	Pass	$14,572	$ 99,540	$41,751	$34,116	$175,389	$ 1,179	$366,547
OAEM	OAEM	—	—	—	—	—	—	—
Substandard	Substandard	—	—	—	—	17,675	—	17,675
Doubtful	Doubtful	—	—	—	—	—	—	—
		$14,572	$ 99,540	$41,751	$34,116	$193,064	$ 1,179	$384,222
	$							
Current period gross charge-offs	Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Residential – 1 to 4 Family	**Residential – 1 to 4 Family**							
Residential – 1 to 4 Family								
Residential – 1 to 4 Family								
	Performing							
	Performing							
Performing	Performing	$46,213	$118,758	$63,059	$33,701	$195,472	$ 3,867	$461,070
Nonperforming	Nonperforming	—	—	—	—	—	—	—
	$							
Current period gross charge-offs								
		$46,213	$118,758	$63,059	$33,701	$195,472	$ 3,867	$461,070
Residential – 1 to 4 Family Investment								
Residential – 1 to 4 Family Investment								
Residential – 1 to 4 Family Investment								
Current period gross charge-offs		$ —	$ —	$ —	$ —	$ —	$ —	$ —

Residential – 1 to 4 Family Investment							
Performing	$ 63,774	$ 141,343	$ 118,955	$ 51,438	$ 124,566	$ —	$ 500,076
Nonperforming	—	—	—	—	—	—	—
	$ 63,774	$ 141,343	$ 118,955	$ 51,438	$ 124,566	$ —	$ 500,076
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Residential – Multifamily							
Pass	$ 497	$ 15,670	$ 43,669	$ 12,230	$ 50,636	$ —	$ 122,702
OAEM	—	—	—	—	—	—	$ —
Substandard	—	—	—	—	—	—	$ —
Doubtful	—	—	—	—	—	—	—
	$ 497	$ 15,670	$ 43,669	$ 12,230	$ 50,636	$ —	$ 122,702
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Consumer							
Performing	$ —	$ —	$ —	$ —	$ 5,909	$ 16	$ 5,925
Nonperforming	—	—	—	—	—	—	—
	$ —	$ —	$ —	$ —	$ 5,909	$ 16	$ 5,925
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —

As of September 30, 2023, the Company was in the process of foreclosing on $2.8 million in loans, consisting of two commercial - owner occupied loans, and two commercial - non-owner occupied loans.

An analysis of the credit risk profile by internally assigned grades under the incurred loss model as of December 31, 2022 is as follows:

At December 31, 2022	Pass	OAEM	Substandard	Doubtful	Total
			(Dollars in thousands)		
Commercial and Industrial	$ 32,383	$ —	$ —	$ —	$ 32,383
Construction	191,266	—	1,091	—	192,357
Real Estate Mortgage:					
Commercial – Owner Occupied	122,523	3,027	400	—	125,950
Commercial – Non-owner Occupied	362,899	—	14,553	—	377,452
Residential – 1 to 4 Family	444,658	—	162	—	444,820
Residential – 1 to 4 Family Investment	476,210	—	—	—	476,210
Residential – Multifamily	95,556	—	—	—	95,556
Consumer	6,661	—	70	—	6,731
Total	$ 1,732,156	$ 3,027	$ 16,276	$ —	$ 1,751,459

Performing	$ 87,734	$ 138,884	$ 116,487	$ 50,119	$ 54,576	$ 76,367	$ —	$ 524,167
Nonperforming	—	—	—	—	—	—	—	—
	$ 87,734	$ 138,884	$ 116,487	$ 50,119	$ 54,576	$ 76,367	$ —	$ 524,167
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Residential – Multifamily								
Pass	$ 2,292	$ 23,030	$ 27,006	$ 12,159	$ 9,989	$ 28,848	$ —	$ 103,324
OAEM	—	—	—	—	—	—	—	$ —
Substandard	—	—	—	—	—	—	—	$ —
Doubtful	—	—	—	—	—	—	—	—
	$ 2,292	$ 23,030	$ 27,006	$ 12,159	$ 9,989	$ 28,848	$ —	$ 103,324
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Consumer								
Performing	$ —	$ —	$ —	$ —	$ —	$ 5,493	$ 16	$ 5,509

Nonperforming	—	—	—	—	—	—	—	—
	$ —	$ —	$ —	$ —	$ —	$ 5,493	$ 16	$ 5,509
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

Modifications to Borrowers Experiencing Financial Difficulty

Occasionally, At March 31, 2024, the Company modifies loans to borrowers in financial distress by providing term extensions, interest rate reductions, or other forbearance modifications. In some cases, Parke provides multiple types of concessions on the same loan.

The following table shows the amortized cost basis at the end of the reporting period of the loans modified to borrowers experiencing financial difficulty, disaggregated by class of financing receivable and type of concession granted.

	Loan Modifications Made to Borrowers Experiencing Financial Difficulty					
	September 30, 2023					
(Dollars in thousands)	Term Extension	More-Than-Insignificant Payment Delay	Interest Rate Reduction	Other	Total	% of Total Loan Category
Commercial – Non-owner Occupied	$ —	$ —	$ —	$ 15,346	$ 15,346	4.0 %
Total	**$ —**	**$ —**	**$ —**	**$ 15,346**	**$ 15,346**	

As of September 30, 2023, Parke had no commitments to lend additional amounts to the borrowers included in the previous table.

The following table describes the financial effect of the did not make any modifications made to borrowers experiencing financial difficulty as of September 30, 2023:

	Other
Commercial – Non-owner Occupied	Forbearance agreement made on two loans to the same borrower whereby the Company will receive all principal and interest due by the original maturity date and where the Company will not foreclose as long as payments are made as per the terms of the agreement.

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

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

	September 30, 2023			
	Current	30-89 Days Past Due	Greater than 90 Days Past Due	Total
Commercial – Non-owner Occupied	$ 15,346	$ —	$ —	**$ 15,346**
Total	**$ 15,346**	**$ —**	**$ —**	**$ 15,346**

NOTE 5. EARNINGS PER SHARE ("EPS")

The following tables set forth the calculation of basic and diluted EPS for the three and nine-month three-month periods ended September 30, 2023 March 31, 2024 and 2022. 2023.

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
	(Dollars in thousands except share and per share data)			
Basic earnings per common share **Basic earnings per common share**				
Basic earnings per common share				

Basic earnings per common share

Net income available to the Company

Net income available to the Company

Net income available to the Company	Net income available to the Company	$ 1,029	$ 10,540	$ 20,289	$ 31,369
Less: Dividend on series B preferred stock	Less: Dividend on series B preferred stock	(7)	(7)	(20)	(20)

Less: Dividend on series B preferred stock

Less: Dividend on series B preferred stock

Net income available to common shareholders

Net income available to common shareholders

Net income available to common shareholders	Net income available to common shareholders	1,022	10,533	20,269	31,349
Basic weighted-average common shares outstanding	Basic weighted-average common shares outstanding	11,945,844	11,919,472	11,945,144	11,913,085

Basic weighted-average common shares outstanding

Basic weighted-average common shares outstanding

Basic earnings per common share

Basic earnings per common share

Basic earnings per common share	Basic earnings per common share	$ 0.09	$ 0.88	$ 1.70	$ 2.63
Diluted earnings per common share	**Diluted earnings per common share**				

Diluted earnings per common share

Diluted earnings per common share

Net income available to common shares

Net income available to common shares

Net income available to common shares	Net income available to common shares	$ 1,022	$ 10,533	$ 20,269	$ 31,349
Add: Dividend on series B preferred stock	Add: Dividend on series B preferred stock	7	7	20	20

Add: Dividend on series B preferred stock

Add: Dividend on series B preferred stock

Net income available to diluted common shares

Net income available to diluted common shares

Net income available to diluted common shares	Net income available to diluted common shares	1,029	10,540	20,289	31,369
Basic weighted-average common shares outstanding	Basic weighted-average common shares outstanding	11,945,844	11,919,472	11,945,144	11,913,085
Basic weighted-average common shares outstanding					
Basic weighted-average common shares outstanding					
Dilutive potential common shares					
Dilutive potential common shares					
Dilutive potential common shares	Dilutive potential common shares	185,981	250,672	192,064	265,487
Diluted weighted-average common shares outstanding	Diluted weighted-average common shares outstanding	12,131,825	12,170,144	12,137,208	12,178,572
Diluted weighted-average common shares outstanding					
Diluted weighted-average common shares outstanding					
Diluted earnings per common share					
Diluted earnings per common share					
Diluted earnings per common share	Diluted earnings per common share	$ 0.08	$ 0.87	$ 1.67	$ 2.58

NOTE 6. FAIR VALUE

Fair Value Measurements

The Company uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions. In accordance with this guidance, the Company groups its assets and liabilities carried at fair value in three levels as follows:

Level 1 Input:

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

Level 2 Inputs:

1) Quoted prices for similar assets or liabilities in active markets.
2) Quoted prices for identical or similar assets or liabilities in markets that are not active.
3) Inputs other than quoted prices that are observable, either directly or indirectly, for the term of the asset or liability (e.g., interest rates, yield curves, credit risks, prepayment speeds or volatilities) or “market corroborated inputs.”

Level 3 Inputs:

1) Prices or valuation techniques that require inputs that are both unobservable (i.e. supported by little or no market activity) and that are significant to the fair value of the assets or liabilities.

2) These assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Fair Value on a Recurring Basis:

The following is a description of the Company's valuation methodologies for assets carried at fair value on a recurring basis. These methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes that its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting measurement date.

Investments in Available for Sale Securities:

Where quoted prices are available in an active market, securities or other assets are classified in Level 1 of the valuation hierarchy. If quoted market prices are not available for the specific security or available for sale loans, then fair values are provided by independent third-party valuation services. These valuation services estimate fair values using pricing models and other accepted valuation methodologies, such as quotes for similar securities and observable yield curves and spreads. As part of the Company's overall valuation process, management evaluates these third-party methodologies to ensure that they are representative of exit prices in the Company's principal markets. Securities in Level 2 include mortgage-backed securities, and corporate debt obligations.

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis.

Financial Assets	Financial Assets	Level 1	Level 2	Level 3	Total	Financial Assets	Level 1	Level 2	Level 3	Total
	(Dollars in thousands)						(Dollars in thousands)			
Available for Sale Securities	Available for Sale Securities					Available for Sale Securities				
As of September 30, 2023										
As of March 31, 2024						As of March 31, 2024				
Residential mortgage-backed securities										
Residential mortgage-backed securities										
Residential mortgage-backed securities	Residential mortgage-backed securities	$ —	$7,271	$ —	$7,271					
Total	Total	$ —	$7,271	$ —	$7,271					
As of December 31, 2022										
Corporate debt obligations		$ —	$ 500	$ —	$ 500					
Total										
Total										
As of December 31, 2023						As of December 31, 2023				
Residential mortgage-backed securities										
Residential mortgage-backed securities										
Residential mortgage-backed securities	Residential mortgage-backed securities	—	8,866	—	8,866					
Total	Total	$ —	$9,366	$ —	$9,366					
Total										
Total										

For the nine three months ended September 30, 2023 March 31, 2024, there were no transfers between the levels within the fair value hierarchy. There were no level 3 assets or liabilities held during the three and nine months ended September 30, 2023 March 31, 2024 and 2022.

2023.

Fair Value on a Non-recurring Basis:

Certain assets and liabilities are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment).

Financial Assets	Financial Assets	Level 1	Level 2	Level 3	Total	Financial Assets	Level 1	Level 2	Level 3	Total
		(Dollars in thousands)					(Dollars in thousands)			
As of September 30, 2023										
As of March 31, 2024						As of March 31, 2024				
Collateral-dependent loans	Collateral-dependent loans	$ —	$ —	$1,091	$1,091					
OREO	OREO	—	—	1,550	1,550					
As of December 31, 2022										
As of December 31, 2023						As of December 31, 2023				
Collateral-dependent loans	Collateral-dependent loans	$ —	$ —	$1,091	$1,091					
OREO	OREO	—	—	1,550	1,550					

Collateral-dependent loans are those loans that are accounted for under ASC 326, Financial Instruments - Credit Losses ("ASC 326"), in which the Bank has measured impairment generally based on the fair value of the loan's collateral. Fair value is generally determined based upon independent third-party appraisals of the properties that collateralize the loans. These assets are generally classified as Level 3 fair values, based upon the lowest level of input that is significant to the fair value measurements.

OREO consists of real estate properties that are recorded at fair value based upon current appraised value, or agreements of sale, less estimated disposition costs using level 3 inputs. Properties are reappraised annually.

Fair Value of Financial Instruments

The Company discloses estimated fair values for its significant financial instruments in accordance with FASB ASC (Topic 825), "*Disclosures about Fair Value of Financial Instruments*". The methodologies for estimating the fair value of financial assets and liabilities that are measured at fair value on a recurring or non-recurring basis are discussed above.

For certain financial assets and liabilities, carrying value approximates fair value due to the nature of the financial instrument. These instruments include cash and cash equivalents, accrued interest receivable, bank owned life insurance, Federal Home Loan Bank of New York ("FHLBNY") restricted stock, demand and other non-maturity deposits and accrued interest payable, and they are considered to be level 1 measurements.

The following table summarizes the carrying amounts and fair values for financial instruments that are not carried at fair value at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

September 30, 2023		Carrying Amount	Fair Value				March 31, 2024	Carrying Amount	Fair Value			
			Total	Level 1	Level 2	Level 3			Total	Level 1	Level 2	Level 3
March 31, 2024												
		(Dollars in thousands)						(Dollars in thousands)				
Financial Assets:	Financial Assets:						Financial Assets:					
Investment securities HTM	Investment securities HTM	$ 9,319	$ 7,285	$ —	$ 7,285	$ —						
Investment securities HTM												

	Carrying Amount	Total	Level 1	Level 2	Level 3
Investment securities HTM					
Loans, net	1,767,704	1,732,007	—	1,710,241	21,766
Financial Liabilities:					
Time deposits	$ 627,893	$ 622,510	$ —	$ 622,510	$ —
Borrowings	154,213	158,730	—	158,730	—

December 31, 2022	Carrying Amount	Fair Value			
		Total	Level 1	Level 2	Level 3
	(Dollars in thousands)				
Financial Assets:					
Investment securities HTM	$ 9,378	$ 7,805	$ —	$ 7,805	$ —
Loans, net	1,719,614	1,661,974	—	1,641,444	20,530
Financial Liabilities:					
Time deposits	$ 603,135	$ 609,097	$ —	$ 609,097	$ —
Borrowings	126,071	127,254	—	127,254	—

NOTE 7. COMMITMENTS AND CONTINGENCIES

The Company is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. These instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the consolidated balance sheet. The contract or notional amounts of these instruments reflect the extent of the Company's involvement in these particular classes of financial instruments. The Company's exposure to the maximum possible credit risk in the event of nonperformance by the other party to the financial instruments for commitments to extend credit and standby letters of credit is represented by the contractual or notional amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require the payment of a fee. The Company evaluates each customer's credit-worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary upon extension of credit, is based on management's credit evaluation. Collateral held varies but may include accounts receivable; inventory; property, plant and equipment and income-producing commercial properties. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Commitments to fund fixed-rate loans were immaterial at September 30, 2023 March 31, 2024. Variable-rate commitments are generally issued for less than one year and carry market rates of interest. Such instruments are not likely to be affected by annual rate caps triggered by rising interest rates. Management believes that off-balance sheet risk is not material to the results of operations or financial condition. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, unused commitments to extend credit amounted to approximately $113.7 million $112.8 million and $159.0 million $93.8 million, respectively. At September 30, 2023 March 31, 2024 and December 31, 2023, the allowance for credit losses on off-balance sheet credit exposures was $760.0 thousand. $938.0 thousand and $499 thousand, respectively.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, standby letters of credit with customers were $1.5 million and $1.5 million, respectively.

On July 6, 2023 and September 29, 2023 March 20, 2024, the Bank entered into agreements an agreement with the FHLBNY for a Municipal Letter of Credit ("MLOC") of $50.0 million and $10.0 million, respectively. $60.0 million. The MLOC's are MLOC is used to pledge against public deposits and both MLOC's expire the MLOC expires on October 5, 2023 June 25, 2024. There were no outstanding borrowings on the letters of credit as of September 30, 2023 March 31, 2024.

The Company also has entered into an employment contract with the President of the Company, which provides for continued payment of certain employment salary and benefits prior to the expiration date of the agreement and in the event of a change in control, as defined. The Company has also entered in Change-in-Control Severance Agreements with certain officers which provide for the payment of severance in certain circumstances following a change in control.

We provide banking services to customers that are licensed by various States to do business in the cannabis industry as growers, processors and dispensaries. Cannabis businesses are legal in these States, although they are not legal at the federal level. The U.S. Department of the Treasury's Financial Crimes Enforcement Network ("FinCEN") published guidelines in 2014 for financial institutions servicing state legal cannabis businesses. A financial institution that provides services to cannabis-related businesses can comply with Bank Secrecy Act ("BSA") disclosure standards by following the FinCEN guidelines. We maintain stringent written policies and procedures related to the acceptance of such businesses and to the monitoring and maintenance of such business accounts. We conduct a significant due diligence review of the cannabis business before the business is accepted, including confirmation that the business is properly licensed by the applicable state. Throughout the relationship, we continue monitoring the business, including site visits, to ensure that the business continues to meet our stringent requirements, including maintenance of required licenses and periodic financial reviews of the business.

While we believe we are operating in compliance with the FinCEN guidelines, there can be no assurance that federal enforcement guidelines will not change. Federal prosecutors have significant discretion and there can be no assurance that the federal prosecutors will not choose to strictly enforce the federal laws governing cannabis. Any change in the Federal government's enforcement position, could cause us to immediately cease providing banking services to the cannabis industry.

At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, deposit balances from cannabis customers were approximately $93.9 $107.4 million and $177.3 $96.7 million, or 6.1% 6.9% and 11.3% 6.2% of total deposits, respectively, with three customers accounting for 56.0% 51.9% and 36.9% 60.6% of the total at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, there were cannabis-related loans in the amounts of $26.7 million $29.5 million and $3.8 million $27.1 million, respectively.

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

Forward-Looking Statements

Throughout this report, "Parke Bancorp" and "the Company" refer to Parke Bancorp Inc., and its consolidated subsidiaries. The Company is collectively referred to as "we", "us" or "our". Parke Bank is referred to as the "Bank".

The Company may from time to time make written or oral "forward-looking statements" including statements contained in this Report and in other communications by the Company which are made in good faith pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements, such as statements of the Company's plans, objectives, expectations, estimates and intentions, involve risks and uncertainties and are subject to change based on various important factors (some of which are beyond the Company's control). The following factors, among others, could cause the Company's financial performance to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements: the strength of the United States economy in general and the strength of the local economies in which the Company conducts operations; the effects of, the COVID-19 pandemic on the United States economy in general and the local economies in which the Company operates; the effects of, and changes in, trade, monetary and fiscal policies and laws, including interest rate policies of the Board of Governors of the Federal Reserve System (the "Federal Reserve"), inflation, interest rate, market and monetary fluctuations; the potential adverse effects of the Consent Orders and any additional regulatory restrictions that may be imposed by banking regulators; the timely development of, and acceptance of, new products and services of the Company and the perceived overall value of these products and services by users, including the features, pricing and quality compared to competitors' products and services; the impact of changes in financial services laws and regulations (including laws concerning taxes, banking, securities and insurance); the effect of any change in federal government enforcement of federal laws affecting the cannabis industry; technological changes; acquisitions; changes in consumer spending and saving habits; and the success of the Company at managing the risks involved in the foregoing.

Financial institutions can be affected by changing conditions in the real estate and financial markets. The lingering effects of the COVID-19 pandemic, geopolitical instability, including the conflict between Russia and Ukraine and the war in Israel, foreign currency exchange volatility, volatility in global capital markets, inflationary pressures, and higher interest rates may meaningfully impact loan production, income levels, and the measurement of certain significant estimates such as the allowance for credit losses. Moreover, in a period of economic contraction, we may experience elevated levels of credit losses, reduced interest income, impairment of financial assets, diminished access to capital markets and other funding sources, and reduced demand for our products and services. Volatility in the housing markets, real estate values and unemployment levels results in significant write-downs of asset values by financial institutions. Our lending relationships are primarily with small to mid-sized businesses and individual consumers residing in and around Southern New Jersey and Philadelphia, Pennsylvania. We focus our lending efforts primarily in three lending areas: residential mortgage loans, commercial mortgage loans, and construction loans. As a result of this geographic concentration, a significant broad-based deterioration in economic conditions in these areas could have a material adverse impact on the quality of our loan portfolio, results of operations and future growth potential.

An unexpected COVID-19 pandemic resurgence due Our operations are subject to new variants risks and uncertainties surrounding our exposure to changes in the interest rate environment. Earnings and liquidity depend to a great extent on our interest rates. Interest rates are highly sensitive to many factors beyond our control, including competition, general economic conditions, geopolitical tensions and monetary and fiscal policies of various governmental and regulatory authorities, including the Federal Reserve. Conditions such as inflation, deflation, recession, unemployment and other factors beyond our control may also affect interest rates. The nature and timing of any changes in interest rates or general economic conditions and their effect on us cannot be controlled and are difficult to predict. If the rate of interest we pay on our interest-bearing liabilities increases more than the rate of interest we receive on our interest-earning assets, our net interest income, and therefore our earnings, could cause us contract and be materially adversely affected. Our earnings could also be materially adversely affected if the rates on interest-earning assets fall more quickly than those on our interest-bearing liabilities. Changes in interest rates could also create competitive pressures, which could impact our liquidity position.

Changes in interest rates also can affect our ability to experience higher credit losses originate loans, our ability to obtain and retain deposits, and the value of interest-earning assets, and the ability to realize gains from the sale of such assets, which could all negatively impact shareholder's equity and regulatory capital. Since March 2022, the Federal Reserve Open Markets Committee ("FOMC") has raised the Fed Funds rate by 525 basis points. Additional increases in interest rates could also have a negative impact on our lending portfolio, additional results of operations by reducing the ability of borrowers to repay their current loan obligations, which could not only result in increased loan defaults, foreclosures and charge-offs, but could also necessitate further increases in to our allowance for credit losses impairment of financial assets, diminished access to capital markets and other funding sources, further reduced demand for our products and services, and other negative impacts reduce net income. In addition, based on our financial position, results interest rate sensitivity analyses, an increase in the general level of operations. interest rates may negatively affect the market value of the investment portfolio depending on the duration of certain securities included in the investment portfolio. In December of 2023, the FOMC signaled its intention to reduce interest rates in 2024, contingent upon inflation settling at its

During 2022, 2.0% target. In March 2024, however, the Federal Reserve took unprecedented action during Fed decided to keep the year to restrain inflation and improve the stability of the economy by raising the target federal funds target rate several times from 25 basis points in the beginning of the year at 5.25% to 75 basis points toward the end of the year and brought the benchmark interest rates up by a collective 4.50 percent. During the first quarter 2023, the Federal Reserve increased the target federal funds rate another 0.25 percent and further increased the target federal funds rate another 0.25 percent in May 5.5%, where it has remained since July 2023. At its June 2023 meeting, the Federal Reserve left interest rates unchanged for the first time since March 2022, in order to give themselves time to assess the still developing effects of previous increases in interest rates and borrowing costs. However, on July 26, 2023, the Federal Reserve increased the target funds rate another 0.25 percent. At its policy meeting in September 2023, the Federal Reserve again left its target federal funds rate unchanged (5.25% - 5.50%). The Federal Reserve has indicated that it may further increase the target federal funds rate in the second half 2023 in an attempt to reduce inflation. Any substantial or unexpected change in market interest rates could have a material adverse effect on the Company's financial condition and results of operations. As inflation increases and market interest rates rise, the value of our investment securities, particularly those with longer maturities, would decrease, although this effect can be less pronounced for floating rate instruments. In addition, inflation generally increases the cost of goods and services we use in our business operations, such as electricity and other utilities, which increases our non-interest expenses. Furthermore, our customers are also affected by inflation and the rising costs of goods and services used in their households and businesses, which could have a negative impact on their ability to repay their loans with us.

Any of these effects, if sustained, may impair our capital and liquidity positions, require us to take capital actions, prevent us from satisfying our minimum regulatory capital ratios and other supervisory requirements, or result in downgrades in our credit ratings and the reduction or elimination of our common stock dividend in future periods. The extent to which current economic environment has a further impact on our business, results of operations, and financial condition, as well as the regulatory capital and liquidity ratios, will depend on future developments, which are highly uncertain and cannot be predicted, including the scope and duration of the current economic environment and actions taken by governmental authorities and other third parties in response to the geopolitical conflict, and inflationary pressure.

The Company cautions that the foregoing list of important factors is not exclusive. The Company also cautions readers not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date on which they are given. The Company is not obligated to publicly revise or update these forward-looking statements to reflect events or circumstances that arise after any such date.

Overview

The following discussion provides information about our results of operations, financial condition, liquidity and asset quality. We intend that this information facilitates your understanding and assessment of significant changes and trends related to our financial condition and results of operations. You should read this section in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023.

We are a bank holding company and are headquartered in Washington Township, New Jersey. Through the Bank, we provide personal and business financial services to individuals and small to mid-sized businesses primarily in New Jersey and Pennsylvania. The Bank has branches in Galloway Township, Northfield, Washington Township, Collingswood, New Jersey and Philadelphia, Pennsylvania. The vast majority of our revenue and income is currently generated through the Bank.

We manage our Company for the long term. We are focused on the fundamentals of growing customers, loans, deposits and revenue and improving profitability, while investing for the future and managing risk, expenses and capital. We continue to invest in our products, markets and brand, and embrace our commitments to our customers, shareholders, employees and the communities where we do business. Our approach is concentrated on organically growing and deepening client relationships across our businesses that meet our risk/return measures.

We focus on small to mid-sized business and retail customers and offer a range of loan products, deposits services, and other financial products through our retail branches and other channels. The Company's results of operations are dependent primarily on its net interest income, which is the difference between the interest income earned on its interest earning-assets and the interest expense paid on its interest-bearing liabilities. In our operations, we have three major lines of lending: residential real estate mortgage, commercial real estate mortgage, and construction lending. Our interest income is primarily generated from our lending and investment activities. Our deposit products include checking, savings, money market accounts, and certificates of deposit. The majority of our deposit accounts are obtained through our retail banking business, which provides us with low cost funding to grow our lending efforts. The Company also generates income from loan and deposit fees and other non-interest related activities. The Company's non-interest expense primarily consists of employee compensation, administration, and other operating expenses.

At September 30, 2023 March 31, 2024, we had total assets of $1.98 billion $2.01 billion, and total equity of $278.0 million $288.4 million. Net income available to common shareholders for the three and nine months ended September 30, 2023 March 31, 2024 was $1.0 million and $20.3 million, respectively. $6.1 million.

Results of Operations

Three Months Ended September 30, 2023 March 31, 2024 Compared to Three Months Ended September 30, 2022 March 31, 2023

Net Income: Our net income available to common shareholders for the third first quarter of 2023 2024 decreased $9.5 5.0 million, or 90.3% 44.8%, to $1.0 million $6.1 million, compared to $10.5 million $11.1 million for the same period last year. Earnings per share were $0.09 $0.51 per basic common share and $0.08 $0.51 per diluted common share for the third first quarter of 2023 2024 compared to $0.88 $0.93 per basic common share and $0.87 $0.92 per diluted

common share for the same period last year. The decrease was primarily due to a $9.3 million increase in other operating expenses resulting from the recognition of a $9.5 million contingent loss related to cash that was stolen from a third-party armored car carrier facility that was used by the Company, and lower net interest income, partially offset by lower an increase in provision for credit losses, and by a reduction decrease in income tax expense. non-interest income.

Net Interest Income: Our net interest income was $15.7 million $14.1 million for the third first quarter of 2024 compared to $17.1 million for the first quarter of 2023, compared to $19.3 million for the third quarter of 2022, a decrease of $3.6 million $3.0 million, or 18.7% 18.1%. Net interest income decreased during the three months ended September 30, 2023 March 31, 2024, primarily due to a $9.1 million an increase in interest expense on deposits. deposits and borrowings, partially offset by an increase in interest and fees on loans. Interest income increased $6.8 million $3.5 million, or 30.3% 13.3%, during the three months ended September 30, 2023 March 31, 2024 as compared to the same period in the prior year. The increase in interest income was primarily due to an increase of $6.4 million $3.5 million in interest and fees on loans, due to higher loan balances and market interest rates, as well as partially offset by a $0.2 million increase $0.1 million decrease in interest on deposits with banks. The increase in interest income was partially offset by an increase in interest expense during the three months ended September 30, 2023 March 31, 2024 of $10.4 million $6.5 million, or 341.5% 73.8%, primarily due to an increase in market interest rates on deposits and the overall mix of deposits of $9.1 million $5.9 million and an increase in interest on borrowings of $1.3 million $0.7 million, due to an increase in borrowing levels at market interest rates.

Provision for (recovery of) credit losses: For the three months ended September 30, 2023 March 31, 2024, the provision for credit losses was $0.3 million $0.2 million, compared to $0.6 a recovery provision of $(2.4) million for the three months ended September 30, 2022 March 31, 2023. The provision (recovery) for credit losses the three months ended March 31, 2023, was driven by a decrease in the construction loan portfolio post CECL implementation that resulted in the provision recovery, while the increase in provision expense during the third quarter three months ended March 31, 2024, was due to a change in the mix of 2023 was primarily driven by an increase the loan portfolio which resulted in outstanding loan balances, as well as an increase in the qualitative loss factor for factors, mainly attributed to the residential 1 to - 4 family investment and multi-family loan portfolio due to an increase in delinquent loan balances. portfolios.

Non-interest Income: Our non-interest income was $1.1 million for the three months ended March 31, 2024, a decrease of $0.7 million, compared to $1.8 million for the three months ended September 30, 2023, a decrease of $0.2 million, compared to $2.0 million for the three months ended September 30, 2022 March 31, 2023. The decrease is primarily attributable to a decrease in service fees on deposit account of $0.1 million, primarily attributable to a decrease in our cannabis banking deposit accounts, as well as a decrease in loan fees of $0.2 million, partially offset by a gain in other income of $0.2 million.

Non-interest Expense: Our non-interest expense increased $9.6 million, or 151.9%, to $15.8 million for the three months ended September 30, 2023, from $6.3 million for the three months ended September 30, 2022. The increase in non-interest expense was primarily due to a $9.5 million contingent loss related to cash that was stolen from a third-party armored car carrier facility that was used by the Company. The recognition of the loss during the quarter was driven by the completion of an outside forensic accountant's report confirming the loss.

Income Tax: Income tax expense was $0.3 million on income before taxes of $1.4 million for the three months ended September 30, 2023, resulting in an effective tax rate of 24.8%, compared to income tax expense of $3.9 million on income before taxes of $14.4 million for the same period of 2022, resulting in an effective tax rate of 27.0%.

Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022

Net income: Our net income available to common shareholders for the nine months ended September 30, 2023 decreased $11.1 million, or 35.3%, to $20.3 million compared to $31.3 million for the nine months ended September 30, 2022. Earnings per share were $1.70 per basic common share and $1.67 per diluted common share for the nine months ended September 30, 2023 compared to $2.63 per basic common share and $2.58 per diluted common share for the same period last year. The decrease in net income available to common shareholders primarily resulted from a decrease in net interest income of $5.7 million, a decrease in non-interest income of $1.4 million, and an increase in non-interest expense of $11.3 million, partially offset by a decrease in the provision for credit losses of $2.6 million.

Net interest income: Our net interest income decreased $5.7 million, or 10.5%, to $48.7 million for the nine months ended September 30, 2023, compared to $54.4 million for the same period last year. Interest income for the nine months ended September 30, 2023, increased $19.9 million to $82.4 million, or 31.9%, from $62.5 million for the same period of 2022. The increase in interest income was primarily due to an increase in interest and fees on loans of $18.1 million due to an increase in market interest rates and balances outstanding, and an increase in interest earned on Federal Reserve Bank ("FRB") deposits of $1.7 million. Interest expense increased $25.6 million, or 317.7%, for the nine months ended September 30, 2023, compared to the same period in 2022, primarily due to an increase in interest paid on deposits of $22.2 million, or 375.9%, primarily due to an increase in market interest rates and a shift in deposit mix. Further contributing to the increase in interest expense was an increase in interest on borrowings of $3.5 million, or 160.2%, due to an increase in borrowing levels and higher market interest rates.

Provision for credit losses: The provision for credit losses was a recovery of $1.6 million for the nine months ended September 30, 2023, compared to a provision for credit losses of $1.0 million for the nine months ended September 30, 2022. The recovery in the provision for credit losses for the nine months ended September 30, 2023 was primarily related to decreases in

loss factors related to the construction, commercial owner occupied, and residential 1 to 4 family investment loan portfolios from December 31, 2022, partially offset by increases in outstanding balance. On January 1, 2023 we implemented ASU 2016-13 Financial Instruments - Credit Losses. This resulted in an increase to the allowance for credit losses of $1.9 million. For more information about our provision for credit losses and our allowance for loan and lease losses and loss experience, see “Financial Condition-Allowance for Loan and Lease Losses” below and Note 4 - Loans And Allowance For Credit Losses on Loans to the unaudited consolidated financial statements.

Non-interest income: Our non-interest income was $5.2 million for the nine months ended September 30, 2023, a decrease of $1.4 million, or 20.7%, compared to $6.6 million for the same period last year. The decrease is primarily attributable to a decrease in service fees on deposit accounts of $0.6 million $0.8 million, a decrease in the gain on the sale of OREO assets of $0.3 million, and a decrease partially offset by an increase in other loan fees of $0.5 million $0.1 million. Fee income for the nine months ended September 30, 2023 from commercial deposit accounts of depositors who do business in the cannabis-related industry totaled $2.9 million, compared to $3.6 million for the same period last year. Fee income is included in service fees on deposit accounts in the accompanying Consolidated Statements of Income.

Non-interest expense: Expense: Our non-interest expense increased $11.3 million decreased $0.2 million, or 3.4%, to $29.0 million $6.5 million for the nine three months ended September 30, 2023 March 31, 2024, from $17.7 million $6.8 million for the nine three months ended September 30, 2022 March 31, 2023. The increase decrease in non-interest expense was primarily due to a $9.5 million contingent loss related to cash that was stolen from a third-party armored car carrier facility that was used by the Company. The recognition of the loss during the quarter was driven by the completion of an outside forensic accountant's report confirming the loss. Also contributing to the increase in non-interest expense during the nine months ended September 30, 2023, was an increase decrease in compensation and benefits of $1.5 million, and OREO expense of $0.2 million. The increase in compensation and benefits was primarily driven by an increase in salary expense of $0.4 million, and a decrease in deferred origination costs professional services of $0.8 million $0.1 million, as a result of lower loan origination volume. The partially offset by an increase in OREO costs is due to the expense of $0.2 million, and an increase in costs associated with the management and disposition FDIC insurance of our foreclosed properties. $0.1 million.

Income Tax: Income tax expense was $6.2 million $2.2 million on income before taxes of $26.5 million $8.4 million for the nine three months ended September 30, 2023 March 31, 2024, resulting in an effective tax rate of 23.5% 26.6%, compared to income tax expense of $11.0 million $3.4 million on income before taxes of $42.4 million $14.6 million for the same period of 2022, 2023, resulting in an effective tax rate of 25.9% 23.6%.

Net Interest Income

Net interest income is the interest earned on investment securities, loans and other interest-earning assets minus the interest paid on deposits, short-term borrowings and long-term debt. The net interest margin is the average yield of net interest income on average earning assets. Net interest income and the net interest margin in any one period can be significantly affected by a variety of factors including the mix and overall size of our earning assets portfolio and the cost of funding those assets.

The following tables presents the average daily balances of assets, liabilities and equity and the respective interest earned or paid on interest-earning assets and interest-bearing liabilities, as well as average annualized rates, for the periods indicated.

		For the Three Months Ended September 30,							For the Three Months Ended March 31,									
		2023			2022				2024					2023				
		Average Balance	Interest Income/ Expense	Yield/ Cost	Average Balance	Interest Income/ Expense	Yield/ Cost		Average Balance		Interest Income/ Expense		Yield/ Cost		Average Balance		Interest Income/ Expense	
		(Dollars in thousands)							(Dollars in thousands)									
Assets	**Assets**							**Assets**										
Loans*	Loans*	$1,794,826	$27,294	6.03 %	$1,619,133	$20,854	5.11 %	Loans*	$1,792,735	$	$28,083	6.30	6.30 %		$1,763,219	$	$24,545	5.65
Investment securities**	Investment securities**	26,450	308	4.62 %	25,887	194	2.97 %	Investment securities**	23,116	249	249	4.33	4.33 %		25,434	210	210	
Interest bearing deposits	Interest bearing deposits	118,264	1,512	5.07 %	241,134	1,290	2.12 %	Interest bearing deposits	87,901	1,145	1,145	5.24	5.24 %		117,128	1,269	1,269	
Total interest-earning assets	Total interest-earning assets	1,939,540	29,114	5.96 %	1,886,154	22,338	4.70 %	Total interest-earning assets	1,903,752	29,477	29,477	6.23	6.23 %		1,905,781	26,024	26,024	
Other assets	Other assets	78,919			79,037			Other assets	70,416					80,113				
Allowance for credit losses	Allowance for credit losses	(32,117)			(30,658)			Allowance for credit losses	(32,299)					(31,843)				
Total assets	**Total assets**	$1,986,342			$1,934,533			**Total assets**	$1,941,869					$1,954,051				

Liabilities and Shareholders' Equity	**Liabilities and Shareholders' Equity**							**Liabilities and Shareholders' Equity**											
Interest bearing deposits:	Interest bearing deposits:							Interest bearing deposits:											
Checking	Checking	$ 80,376	$ 380	1.88 %	$ 88,875	$ 102	0.46 %	Checking	$ 72,272	$	$ 267	1.49	1.49 %		$ 83,278	$	$ 130		0.63
Money markets	Money markets	430,303	4,955	4.57 %	349,594	990	1.12 %	Money markets	562,177	6,805	6,805	4.87	4.87 %		335,722	2,758		2,758	
Savings	Savings	107,776	324	1.19 %	196,528	187	0.38 %	Savings	78,199	220	220	1.13	1.13 %		174,600	463		463	
Time deposits	Time deposits	505,538	4,235	3.32 %	486,702	945	0.77 %	Time deposits	431,883	4,131	4,131	3.85	3.85 %		499,910	2,931		2,931	
Brokered certificates of deposit	Brokered certificates of deposit	118,913	1,491	4.97 %	12,614	60	1.89 %	Brokered certificates of deposit	149,475	2,034	2,034	5.47	5.47 %		113,372	1,300		1,300	
Total interest-bearing deposits	Total interest-bearing deposits	1,242,906	11,385	3.63 %	1,134,313	2,284	0.80 %	Total interest-bearing deposits	1,294,006	13,457	13,457	4.18	4.18 %		1,206,882	7,582		7,582	
Borrowings	Borrowings	188,443	2,046	4.31 %	120,450	758	2.50 %	Borrowings	140,106	1,966	1,966	5.64	5.64 %		143,021	1,293		1,293	
Total interest-bearing liabilities	Total interest-bearing liabilities	1,431,349	13,431	3.72 %	1,254,763	3,042	0.96 %	Total interest-bearing liabilities	1,434,112	15,423	15,423	4.33	4.33 %		1,349,903	8,875		8,875	
Non-interest bearing deposits	Non-interest bearing deposits	254,350			410,604			Non-interest bearing deposits	203,077					316,365					
Other liabilities	Other liabilities	16,897			14,493			Other liabilities	16,859					16,331					
Total non-interest bearing liabilities	Total non-interest bearing liabilities	271,247			425,097			Total non-interest bearing liabilities	219,936					332,696					
Equity	Equity	283,746			254,673			Equity	287,821					271,452					
Total liabilities and shareholders' equity	**Total liabilities and shareholders' equity**	$ 1,986,342			$ 1,934,533			**Total liabilities and shareholders' equity**	$ 1,941,869					$ 1,954,051					
Net interest income	Net interest income		$ 15,683			$ 19,296		Net interest income			$ 14,054						$	17,149	
Interest rate spread	Interest rate spread			2.24 %			3.74 %	Interest rate spread					1.90 %						
Net interest margin	Net interest margin			3.21 %			4.06 %	Net interest margin					2.97 %						3.(

* The average balance of loans includes loans on nonaccrual.

** Includes balances of FHLBNY and ACBB stock.

	For the Nine Months Ended September 30,					
	2023			2022		
	Average Balance	Interest Income/ Expense	Yield/ Cost	Average Balance	Interest Income/ Expense	Yield/ Cost
	(Dollars in thousands)					
Assets						
Loans*	$ 1,776,181	$ 77,602	5.84 %	$ 1,535,264	$ 59,511	5.18 %
Investment securities**	26,737	745	3.73 %	26,758	565	2.82 %
Interest bearing deposits	113,858	4,059	4.77 %	400,085	2,404	0.80 %
Total interest-earning assets	1,916,776	82,406	5.75 %	1,962,107	62,480	4.26 %
Other assets	79,467			78,769		

Allowance for credit losses	(31,826)			(30,232)		
Total assets	$ 1,964,417			$ 2,010,644		
Liabilities and Shareholders' Equity						
Interest bearing deposits:						
Checking	$ 79,716	$ 627	1.05 %	$ 94,904	$ 296	0.42 %
Money markets	368,777	11,023	4.00 %	354,522	1,962	0.74 %
Savings	140,435	1,231	1.17 %	195,494	527	0.36 %
Time deposits	505,109	11,027	2.92 %	520,103	2,994	0.77 %
Brokered certificates of deposit	114,676	4,138	4.82 %	10,230	114	1.49 %
Total interest-bearing deposits	1,208,713	28,046	3.10 %	1,175,253	5,893	0.67 %
Borrowings	182,495	5,661	4.15 %	120,763	2,176	2.41 %
Total interest-bearing liabilities	1,391,208	33,707	3.24 %	1,296,016	8,069	0.83 %
Non-interest bearing deposits	278,854			454,749		
Other liabilities	16,584			13,706		
Total non-interest bearing liabilities	295,438			468,455		
Equity	277,771			246,173		
Total liabilities and shareholders' equity	$ 1,964,417			$ 2,010,644		
Net interest income		$ 48,699			$ 54,411	
Interest rate spread			2.51 %			3.43 %
Net interest margin			3.40 %			3.71 %

* The average balance of loans includes loans on nonaccrual.

** Includes balances of FHLBNY and ACBB stock.

Financial Condition

General

At September 30, 2023 March 31, 2024, the Company's total assets were $1.98 billion $2.01 billion, a decrease of $1.2 million $14.4 million, or 0.1% 0.7%, from December 31, 2022 December 31, 2023. The decrease in total assets was primarily attributable to a decrease in cash and cash equivalents of $55.4 million $9.3 million, partially offset by an increase a decrease in loans receivable, and an increase a decrease in FHLBNY restricted stock, and other assets. The decrease in cash and cash equivalents was primarily due to cash withdrawn from deposits, as well as an increase in loans receivable, a repayment ofborrowings, partially offset by an increase in borrowings. deposits. Loans increased $48.6 million decreased $1.8 million at September 30, 2023 March 31, 2024, primarily due to increases decreases in loan balances classified as construction, and commercial real estate ("CRE") owner - non-owner occupied, loans, residential 1-4 family investment loans, and multi-family loans, partially offset by a decrease an increase in the construction residential - multifamily loan portfolio, compared to the loan balances at December 31, 2022 December 31, 2023. Other assets decreased $2.1 million during the three months ended March 31, 2024, to $8.4 million at March 31, 2024, from $10.5 million at December 31, 2023, primarily driven by a decrease of $2.0 million in prepaid taxes.

Total liabilities were $1.71 billion $1.72 billion at September 30, 2023 March 31, 2024. This represented a $13.2 million an $18.5 million, or 0.8% 1.1%, decrease, from $1.72 billion $1.74 billion at December 31, 2022 December 31, 2023. The decrease in total liabilities was primarily due to a decrease in total borrowings of $30 million, partially offset by an increase in deposits, which decreased $43.0 million increased $10.9 million, or 2.7% 0.7%, to $1.53 billion $1.56 billion at September 30, 2023 March 31, 2024, from $1.58 billion $1.55 billion at December 31, 2022 December 31, 2023. The decrease in borrowings was due to the pay-down of FHLBNY advances. The increase in deposits was attributable to an increase in money market balances of $77.0 million, partially offset by a decrease in non-interest demand deposits of $121.4 million and $35.8 million, savings deposits of $92.4 million, partially offset by an increase in time deposits of $11.4 million, an increase in interest checking deposits of $28.2 million, and an increase in money market time deposit balances of $117.8 million $27.0 million. The decrease in total deposits was partially offset by an increase in borrowings of $28.0 million, driven by an increase in FHLBNY advances.

Total equity was $278.0 million $288.4 million and $266.0 million $284.3 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, an increase of $11.9 million $4.1 million from December 31, 2022 December 31, 2023. The increase was primarily due to the retention of earnings, partially offset by the payment of $6.5 million $2.2 million of cash dividends, and $2.1 million adoption of ASC 326.

dividends.

The following table presents certain key condensed balance sheet data as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

September 30, 2023	December 31, 2022	Change	% Change	March 31, 2024	December 31, 2023		Change	
(Dollars in thousands)								

Cash and cash equivalents	Cash and cash equivalents	$ 126,740	$ 182,150	$(55,410)	(30.4)%							
Cash and cash equivalents												
Cash and cash equivalents							$ 171,093		$ 180,376		$(9,283)	
Investment securities	Investment securities	16,590	18,744	(2,154)	(11.5)%	Investment securities	15,911	16,387	16,387	(476)	(476)	(2.
Loans, net of unearned income												
Loans, net of unearned income												
Loans, net of unearned income	Loans, net of unearned income	1,800,023	1,751,459	48,564	2.8 %		1,785,542	1,787,340	1,787,340	(1,798)	(1,798)	(0.1)
Allowance for credit losses	Allowance for credit losses	(32,319)	(31,845)	(474)	1.5 %	Allowance for credit losses	(31,918)	(32,131)	(32,131)	213	213	(0.
Total assets	Total assets	1,983,672	1,984,915	(1,243)	(0.1)%	Total assets	2,009,073	2,023,500	2,023,500	(14,427)	(14,427)	(0.
Total deposits	Total deposits	1,532,981	1,575,981	(43,000)	(2.7)%	Total deposits	1,563,704	1,552,827	1,552,827	10,877	10,877	0
FHLBNY borrowings	FHLBNY borrowings	111,150	83,150	28,000	33.7 %	FHLBNY borrowings	95,000	125,000	125,000	(30,000)	(30,000)	(24.
Subordinated debt	Subordinated debt	43,063	42,921	142	0.3 %							
Subordinated debt												
Subordinated debt							43,158		43,111		47	
Total liabilities												
Total liabilities												
Total liabilities	Total liabilities	1,705,693	1,718,881	(13,188)	(0.8)%		1,720,687	1,739,183	1,739,183	(18,496)	(18,496)	(1.1)
Total equity	Total equity	277,979	266,034	11,945	4.5 %	Total equity	288,386	284,317	284,317	4,069	4,069	1
Total liabilities and equity	Total liabilities and equity	1,983,672	1,984,915	(1,243)	(0.1)%	Total liabilities and equity	2,009,073	2,023,500	2,023,500	(14,427)	(14,427)	(0.

Cash and cash equivalents

Cash and cash equivalents decreased $55.4 million $9.3 million to $126.7 million $171.1 million at September 30, 2023 March 31, 2024 from $182.2 million $180.4 million at December 31, 2022 December 31, 2023, a decrease of 30.4% 5.1%. The decrease was primarily due to cash withdrawn from deposits and the funding a repayment of loans, borrowings, partially offset by an increase in borrowings. deposits.

Investment securities

Total investment securities decreased to $16.6 million $15.9 million at September 30, 2023 March 31, 2024, from $18.7 million $16.4 million at December 31, 2022 December 31, 2023, a decrease of $2.2 $0.5 million or 11.5% 2.9%. The decrease was attributed to normal pay downs of $2.0 million, and a decrease in the fair market valuation of $0.2 million. downs. For detailed information on the composition and maturity distribution of our investment portfolio, see NOTE 3 - Investment Securities in the notes to the unaudited consolidated financial statements.

Loans

Our lending relationships are primarily with small to mid-sized businesses and individual consumers residing in and around Southern New Jersey and Philadelphia, Pennsylvania. We have also expanded our lending footprint in other areas. We focus our lending efforts primarily in three lending areas: residential mortgage loans, commercial mortgage loans, and construction loans.

We originate residential mortgage loans with adjustable and fixed-rates that are secured by 1- 4 family and multifamily residential properties. These loans are generally underwritten under terms, conditions and documentation acceptable to the secondary mortgage market. A substantial majority of such loans can be pledged for potential borrowings.

We originate commercial real estate loans that are secured by commercial real estate properties that are owner and non-owner occupied real estate properties. These loans are typically larger in dollar size and are primarily secured by office buildings, retail buildings, warehouses and general purpose business space. The commercial mortgage loans generally have maturities of twenty years, but re-price within five years.

The construction loans we originate provide real estate acquisition, development and construction funds to individuals and real estate developers. The loans are secured by the properties under development. The construction loan funds are disbursed periodically at pre-specified stages of completion.

We also originate commercial and industrial loans, which provide liquidity to businesses in the form of lines of credit and may be secured by accounts receivable, inventory, equipment or other assets. In addition, we have a small consumer loan portfolio which provides loans to individual borrowers.

Loans receivable: Loans receivable increased decreased slightly to $1.80 billion $1.786 billion at September 30, 2023 March 31, 2024 from $1.75 billion $1.787 billion at December 31, 2022 December 31, 2023. The increase decrease was primarily due to increases decreases in the construction, and CRE owner non-owner occupied loans, residential - 1 to 4 family, residential - 1 to 4 family investment loans, and residential - multifamily loans, loan portfolios, partially offset by a decrease an increase in the construction residential - multifamily loan portfolio. Loans receivable as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, consisted of the following:

		September 30, 2023		December 31, 2022								
		Amount	Percentage of Loans to total Loans	Amount	Percentage of Loans to total Loans		Amount		Percentage of Loans to total Loans	Amount		P of
		(Dollars in thousands)										
Commercial and Industrial	Commercial and Industrial	$ 31,968	1.8 %	$ 32,383	1.8 %							
Commercial and Industrial												
Commercial and Industrial							$ 37,002		2.1 %	$	35,451	
Construction	Construction	150,823	8.4 %	192,357	11.0 %	Construction	142,178	8.0	8.0 %		157,556	8.8
Real Estate Mortgage:	Real Estate Mortgage:											
Commercial – Owner Occupied												
Commercial – Owner Occupied												
Commercial – Owner Occupied	Commercial – Owner Occupied	143,237	8.0 %	125,950	7.2 %		140,021	7.8	7.8 %	141,742		7.9
Commercial – Non-owner Occupied	Commercial – Non-owner Occupied	384,222	21.3 %	377,452	21.6 %	Commercial – Non-owner Occupied	360,961	20.2	20.2 %		369,909	20.7
Residential – 1 to 4 Family	Residential – 1 to 4 Family	461,070	25.6 %	444,820	25.3 %	Residential – 1 to 4 Family	448,219	25.1	25.1 %		449,682	25.2
Residential – 1 to 4 Family Investment	Residential – 1 to 4 Family Investment	500,076	27.8 %	476,210	27.2 %	Residential – 1 to 4 Family Investment	523,029	29.3	29.3 %		524,167	29.3
Residential – Multifamily	Residential – Multifamily	122,702	6.8 %	95,556	5.5 %	Residential – Multifamily	128,855	7.2	7.2 %		103,324	5.8
Consumer	Consumer	5,925	0.3 %	6,731	0.4 %	Consumer	5,277	0.3	0.3 %		5,509	0.3
Total Loans	Total Loans	$1,800,023	100.0 %	$1,751,459	100.0 %	Total Loans	$1,785,542	100.0	100.0 %		$ 1,787,340	100.0

Deposits

At September 30, 2023 March 31, 2024, total deposits decreased increased to $1.53 billion $1.56 billion from $1.58 billion $1.55 billion at December 31, 2022 December 31, 2023, a decrease an increase of $43.0 million $10.9 million, or 2.7% 0.7%. The decrease increase in deposits was primarily due to a decrease an increase in money market deposit balances, partially offset by decreases in non-interest bearing, demand deposits, savings, and a decrease time deposit account balances. The increase in savings deposits, the money market balance was primarily due to an increase of $90.2 million in our premier money market product, and $10.2 million in the municipal money market product, partially offset by increases a $15.1 million decrease in the brokered money market checking, and time deposit accounts. balance. The decrease in non-interest bearing demand deposits was mainly primarily due to a decrease in our cannabis related deposits, which decreased $83.5 million, from $177.3 million at December 31, 2022, to $93.9 million at September 30, 2023 $15.5 million, as well as a decrease in business checking of $26.2 million $14.3 million during the same time period.

		September 30, 2023	December 31, 2022	$ Change	% Change		March 31, 2024 2024 2024		2023		$ Change	% Cl
	(Dollars in thousands)											
Noninterest-bearing	Noninterest-bearing	$ 231,116	$ 352,546	$(121,430)	(34.4)%							
Noninterest-bearing Noninterest-bearing							$ 196,388		$ 232,189		$(35,801)	(15.4
Interest-bearing	Interest-bearing											
Checking Checking												
Checking	Checking	111,325	83,080	28,245	34.0 %		67,340	63,017	63,017	4,323	4,323	6.9
Savings	Savings	96,175	188,541	(92,366)	(49.0)%	Savings	72,048	83,470	83,470	(11,422)	(11,422)	(13.7)
Money market	Money market	466,472	348,680	117,792	33.8 %	Money market	644,123	567,080	567,080	77,043	77,043	13.6
Time deposits	Time deposits	627,893	603,135	24,758	4.1 %	Time deposits	583,805	607,071	607,071	(23,266)	(23,266)	(3.8)
Total deposits	Total deposits	$1,532,981	$1,575,982	$ (43,001)	(2.7)%							
Total deposits Total deposits							$1,563,704		$ 1,552,827		$ 10,877	0.7
Estimated uninsured deposits	Estimated uninsured deposits	$ 554,274	$ 622,966	$ (68,692)	(11.0)%	Estimated uninsured deposits	$ 601,443	$	$ 622,966	$	$(21,523)	(3.5)

Borrowings

Total borrowings were $154.2 million $138.2 million at September 30, 2023 March 31, 2024 and $126.1 million $168.1 million at December 31, 2022 December 31, 2023. The increase decrease in borrowings is due to the increase decrease of $28.0 million $30.0 million in FHLBNY advances. $91.2 million $75.0 million of the outstanding FHLBNY advances have short-term maturities.

Equity

Total equity increased to $278.0 million $288.4 million at September 30, 2023 March 31, 2024 from $266.0 million $284.3 million at December 31, 2022 December 31, 2023, an increase of $11.9 million $4.1 million, or 4.5% 1.4%, primarily due to the retention of earnings from the period, partially offset by the payment of $6.5 million $2.2 million in cash dividends, and $2.1 million resulting from the adoption of ASC 326. dividends.

Liquidity and Capital Resources

Liquidity is a measure of our ability to generate cash to support asset growth, meet deposit withdrawals, satisfy other contractual obligations, and otherwise operate on an ongoing basis. At September 30, 2023 March 31, 2024, our cash position was $126.7 million $171.1 million. We invest cash that is in excess of our immediate operating needs primarily in our interest-bearing account at the Federal Reserve.

Our primary source of funding has been deposits. Funds from other operations, financing arrangements, investment securities available-for-sale also provide significant sources of funding. The Company seeks to rely primarily on core deposits from customers to provide stable and cost-effective sources of funding to support loan growth. We focus on customer service which we believe has resulted in a history of customer loyalty. Stability, low cost and customer loyalty comprise key characteristics of core deposits.

We also use brokered deposits as a funding source, which is more volatile than core deposits. source. The Bank also joined the IntraFi Financial Network to secure an additional alternative funding source. IntraFi provides the Bank an additional source of external funds through their weekly CDARS® settlement process. The rates are comparable to other brokered deposit sources. process, as well as their ICS® money market product. As of September 30, 2023 March 31, 2024, the Company had $177.5 million $222.4 million of brokered deposits sourced from IntraFi. While deposit accounts comprise the vast majority of our funding needs, we maintain secured borrowing lines with the FHLBNY. As of September 30, 2023 March 31, 2024, the Company had lines of credit with the FHLBNY of $945.3 million $960.4 million, of which $111.2 million $95.0 million was outstanding, and an additional $60.0 million from two letters a letter of credit for securing public funds. The remaining borrowing capacity was $774.1 million $805.4 million at September 30, 2023 March 31, 2024.

In the second quarter of 2023, we opened a secured borrowing line with the FRB under the Bank Term Funding Program ("BTFP"). The BTFP is secured by certain eligible investment securities. As of September 30, 2023, we had a line of credit under this program of $13.3 million, of which zero was outstanding.

We had outstanding loan commitments of $113.7 million $112.8 million at September 30, 2023 March 31, 2024. Our loan commitments are normally originated with the full amount of collateral. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The funding requirements for such commitments occur on a measured basis over time and would be funded by normal deposit growth.

The following is a discussion of our cash flows for the nine three months ended September 30, 2023 March 31, 2024 and 2022. 2023.

Cash provided by operating activities was $14.0 million $8.4 million in the nine three months ended September 30, 2023 March 31, 2024, compared to $34.3 million $10.5 million for the same period in the prior year. The decrease in operating cash flow was primarily due to the decrease in net income, partially offset by the increase in prepaid taxes, the recovery of provision for credit losses, and the decrease in net income. losses.

Cash used in provided by investing activities was $48.0 million $3.6 million in the nine three months ended September 30, 2023 March 31, 2024, compared to cash used in investing activities of $191.6 million $14.4 million in the same period last year. The decrease increase in cash used provided in the investing activities was primarily due to the decrease in cash outflow from the origination of loans, and the redemption of restricted stock, during the period.

Cash used in financing activities was $21.4 million $21.2 million in the nine three months ended September 30, 2023 March 31, 2024, compared to cash used in financing activities of $245.9 million $32.3 million in the same period of last year. three months ended March 31, 2023. The decrease in cash used in financing activities during the three months ended March 31, 2024, was driven by a net increase in FHLBNY borrowings of $28.0 million, a decrease in the withdrawal of noninterest-bearing deposits of $38.5 million, and growth in interest-bearing deposits of $78.4 million $46.7 million, partially offset by a decrease in noninterest-bearing deposits of $35.8 million, compared to net withdrawals of $73.2 million $112.2 million in the prior year. three months ended March 31, 2023.

Capital Adequacy

We utilize a comprehensive process for assessing the Company's overall capital adequacy. We actively review our capital strategies in light of current and anticipated business risks, future growth opportunities, industry standards, and compliance with regulatory requirements. The assessment of overall capital adequacy depends on a variety of factors, including asset quality, liquidity, earnings stability, competitive forces, economic conditions, and strength of management. Our objective is to maintain capital at an amount commensurate with our risk profile and risk tolerance objectives, and to meet both regulatory and market expectations. We primarily manage our capital through the retention of earnings. We also use other means to manage our capital. Total equity increased $11.9 million $4.1 million at September 30, 2023 March 31, 2024, from December 31, 2022 December 31, 2023, primarily from the Company's net income of $20.3 million $6.2 million for the period, net of common and preferred stock dividends of $6.5 million and the adoption of ASC 326 of $2.1 million $2.2 million.

Banks and bank holding companies are subject to various regulatory capital requirements administered by federal banking agencies. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank and the

Company must meet specific capital guidelines that involve quantitative measures of their assets, liabilities and certain off-balance sheet items, as calculated under the regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors. Prompt corrective action provisions are not applicable to bank holding companies. Failure to meet minimum capital requirements can result in regulatory actions.

Under the capital rules issued by the Federal banking agencies, the Company and the Bank elected to exclude the effects of certain Accumulated Other Comprehensive Income ("AOCI") items from its regulatory capital calculation. At September 30, 2023 March 31, 2024, the Bank and the Company were both considered "well capitalized".

The following table presents the tier 1 regulatory capital leverage ratios of the Company and the Bank at September 30, 2023 March 31, 2024:

	Amount	Ratio	Amount	Ratio
	(Dollars in thousands except ratios)			
	Company		**Parke Bank**	
Tier 1 leverage	$ 291,580	14.68 %	$ 320,799	16.15 %

	Amount	Ratio	Amount	Ratio
	(Dollars in thousands except ratios)			
	Company		**Parke Bank**	
Tier 1 leverage	$ 301,844	15.54 %	$ 331,032	17.05 %

Critical Accounting Policies

The Company's accounting policies are more fully described in Note 1 of the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023. As disclosed in Note 1, the preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions about future events that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ significantly from those estimates. The Company believes that the following discussion addresses the Company's most critical accounting policies, which are those that are most important to the portrayal of the Company's financial condition and results of operations and require management's most difficult, subjective and complex judgments.

Allowance for Credit Losses: Our allowances for credit losses represents management's best estimate of probable losses inherent in our investment and loan portfolios, excluding those loans accounted for under fair value. Our process for determining the allowance for credit losses is discussed in Note 1 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K.

Our determination of the allowance for credit losses is based on periodic evaluations of the loan and lease portfolios and other relevant factors, broken down into vintage based on year of origination. These critical estimates include significant use of our own historical data and other qualitative, and quantitative data. These evaluations are inherently subjective, as they require material estimates and may be susceptible to significant change. Our allowance for credit losses is comprised of two components, a specific allowance and a general calculation. A specific allowance is calculated for loans and leases that do not share similar risk characteristics with other financial assets, and include collateral dependent loans. A loan is considered to be collateral dependent when foreclosure of the underlying collateral is probable. Parke has elected to apply the practical expedient to measure expected credit losses of a collateral dependent asset using the fair value of the collateral, less any estimated costs to sell, when foreclosure is not probable but repayment of the loan is expected to be provided substantially through the operation or sale of the collateral, and the borrower is experiencing financial difficulty. The general based component covers loans and leases on which there are expected credit losses that are not yet individually identifiable. The allowance calculation and determination process is dependent on the use of key assumptions. Key reserve assumptions and estimation processes react to and are influenced by observed changes in loan portfolio performance experience, the financial strength of the borrower, projected industry outlook, and economic conditions.

The process of determining the level of the allowance for credit losses requires a high degree of judgment. To the extent actual outcomes differ from our estimates, additional provision for loan and lease losses may be required that would reduce future earnings.

Fair Value Estimates: ASC 820 - Fair Value Measurements defines fair value as a market-based measurement and is the price that would be received to sell a financial asset or paid to transfer a financial liability in an orderly transaction between market participants at the measurement date. We classify fair value measurements of financial instruments based on the three-level fair value hierarchy in the accounting standards. We are required to maximize the use of observable inputs and minimize the use of unobservable inputs in measuring fair value. The fair values of assets may include using estimates, assumptions, and judgments. Valuations of assets or liabilities using techniques non quoted market price are sensitive to assumptions used for the significant inputs. Assets and liabilities carried at fair value inherently result in a higher degree of financial statement volatility. Changes in

underlying factors, assumptions, or estimates used for estimating fair values could materially impact our future financial condition and results of operations.

The majority of our assets recorded at fair value are our investment securities available for sale. The fair value of our available for sale securities are provided by independent third-party valuation services. We may also have a small amount of SBA loans recorded at fair value, which represents the face value of the guaranteed portion of the SBA loans pending settlement. OREO is recorded at fair value on a non-recurring basis and is based on the values of independent third-party full appraisals, less costs to sell (a range of 5% to 10%). Appraisals are updated every 12 months or sooner if we have identified possible further deterioration in value.Refer to Note 7. Fair Value in the Notes to the unaudited consolidated financial statements for further information.

Income Taxes: In the normal course of business, we and our subsidiaries enter into transactions for which the tax treatment is unclear or subject to varying interpretations. We evaluate and assess the relative risks and merits of the tax treatment of transactions, filing positions, filing methods and taxable income calculations after considering statutes, regulations, and other information, and maintain tax accruals consistent with our evaluation of these relative risks and merits. The result of our evaluation and assessment is by its nature an estimate.

When tax returns are filed, it is highly likely that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that ultimately would be sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination. The evaluation of a tax position taken is considered by itself and not offset or aggregated with other positions. Tax positions that meet the more likely than not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying balance sheet along with any associated interest and penalties that would be payable to the taxing authorities upon examination.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable

ITEM 4. CONTROLS AND PROCEDURES

The Company's management evaluated, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, the effectiveness of the Company's disclosure controls and procedures, (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, (the "Exchange Act")), as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's ("SEC") rules and forms.

There were no changes in the Company's internal control over financial reporting that occurred during the Company's last fiscal quarter 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

Absecon Gardens Condominium Association v. Parke Bank Matter

Absecon Gardens Condominium Association v. Parke Bank, One Mechanic Street, et al, Superior Court of New Jersey, Law Division, Atlantic County, Docket No. ATL-L-2321-21. The Company is the successor to the interests of the developer of the Absecon Gardens Condominium project in Absecon NJ. Some of the unit owners have suggested that the Company is responsible for contributions and/or repair for alleged damages purportedly relating to construction. The owners filed a Complaint, alleging that the damages total approximately $1.7 million. The matter is in the early stages of discovery so it is difficult to determine whether that amount accurately reflects the claimed damages, or whether the Company is in any way culpable for the damages. At this time it is too early to predict whether an unfavorable outcome will result. The Company is vigorously defending this matter.

In the normal course of business, there are outstanding various contingent liabilities such as claims and legal action, which are not reflected in the financial statements. In the opinion of management, no material losses are anticipated as a result of these actions or claims.

Other than the foregoing, there were no material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the Company or any of its subsidiaries is a party or of which any of their property is the subject.

Mori Restaurant LLC v. Parke Bank Matter

On May 20, 2014, Parke Bank (the "Bank") loaned Voorhees Diner Corporation ("VDC") the original principal sum of $1.0 million for purposes of tenant fit out, and operation, of the Voorhees Diner situated at 320 Route 73, Voorhees, New Jersey 08043. VDC leased the Diner property under that certain Lease with Mori Restaurant LLC ("Mori") dated May 20, 2014. In connection with the loan from the Bank and as security therefor, VDC pledged its leasehold interest to the Bank. On March 6, 2015, the loan was modified, and the principal amount of the loan was increased to $1.4 million. On January 8, 2020, the Bank declared VDC in default of its loan obligations. Judgment was entered against VDC and in favor of the Bank, and the court appointed Alan I. Gould, Esquire, as the Receiver for the Voorhees Diner Corporation. Mr. Gould subsequently caused VDC's leasehold interest in the Diner property to be sold at sheriffs sale. The Bank's REO subsidiary, 320 Route 73 LLC, was the successful bidder and took title thereto. Mori Restaurant has filed counterclaims against 320 Route 73 LLC and the Bank for rent allegedly accruing due during the period that the Receiver was in possession of the premises. As to all of Mori Restaurant's claims, the Bank defendants' primary, but not exclusive, defense in this matter is that, pursuant to that certain Fee Owner Consent executed by and between Mori Restaurant and the Bank, in November 2014, the lease between VDC and Mori Restaurant was terminated as a matter of law and neither the Bank nor 320 Route 73 LLC have liability to Mori Restaurant under the lease or otherwise. The Bank believes this suit is without merit, denies any and all liability and intends to vigorously defend against this matter.

ITEM 1A. RISK FACTORS

Not applicable.

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

(a) Unregistered Sales of Equity Securities. Not Applicable.

(b) Use of Proceeds. Not Applicable.

(c) Issuer Purchases of Equity Securities. There were no repurchases of our common stock during the three months ended September 30, 2023 March 31, 2024.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

3.1	Certificate of Incorporation of Parke Bancorp, Inc. (1)
3.2	Bylaws of Parke Bancorp, Inc. (2)
3.3	Certificate of Amendment setting forth the terms of the Registrant's 6.00% Non-Cumulative Perpetual Convertible Preferred Stock, Series B (3)
4.1	Specimen stock certificate of Parke Bancorp, Inc. (1) (4)
10.1	Management Change in Control Severance Agreement between Parke Bancorp, Inc., Parke Bank and Jonathan Hill (5)
31.1	Certification of CEO required by Rule 13a-14(a).
31.2	Certification of CFO required by Rule 13a-14(a).
32	Certification required by 18 U.S.C. §1350.
101	The following materials from the Company's Form 10-Q for the quarter ended September 30, 2023 March 31, 2024, formatted in Inline XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Income; (iii) Consolidated Statements of Comprehensive Income; (iv) Consolidated Statements of Equity; (v) Consolidated Statements of Cash Flows; and (vi) Notes to Consolidated Financial Statements.
101.INS	Inline XBRL Instance Document (The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document)
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

(1) Incorporated by Reference to Exhibit 3.1 to the Company's Registration Statement on Form S-4 filed with the SEC on January 31, 2005 (File No. 333-122406).
(2) Incorporated by Reference to Exhibit 3.2 to the Company's Annual Report on Form 10-K filed with the SEC on March 31, 2021 (File No. 000-51338).
(3) Incorporated by Reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on December 24, 2013.
(4) Incorporated by Reference to Exhibit 4.1 to the Company's Registration Statement on Form S-4 filed with the SEC on January 31, 2005 (File No. 000-51338) 333-122406).
(5) Incorporated by Reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on March 22, 2024.

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.

PARKE BANCORP, INC.

Date: November May 8, 2023 2024

/s/ Vito S. Pantilione
Vito S. Pantilione
President and Chief Executive Officer
(Principal Executive Officer)

Date: November May 8, 2023 2024

/s/ John S. Kaufman Jonathan D. Hill
John S. Kaufman Jonathan D. Hill
Executive Senior Vice President and
Chief Financial Officer
(Principal Accounting Officer)

Exhibit 31.1

CERTIFICATION

I, Vito S. Pantilione, President and Chief Executive Officer, certify that:

1. I have reviewed this Form 10-Q of Parke Bancorp, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date:	November May 8, 2023 2024	/s/ Vito S. Pantilione
		Vito S. Pantilione
		President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, John S. Kaufman, Jonathan D. Hill, Senior Vice President and Chief Financial Officer, certify that:

1. I have reviewed this Form 10-Q of Parke Bancorp, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November May 8, 2023 2024

/s/ John S. Kaufman Jonathan D. Hill

John S. Kaufman Jonathan D. Hill
Senior Vice President and Chief Financial Officer

Exhibit 32

CERTIFICATION

CERTIFICATION 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 for the quarter ended September 30, 2023 March 31, 2024 (the "Report") of Parke Bancorp, Inc. (the "Company") as filed with the Securities and Exchange Commission, we, Vito S. Pantilione, President and Chief Executive Officer, and John S. Kaufman, Jonathan D. Hill, Senior Vice President and Chief Financial Officer, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Vito S. Pantilione
Vito S. Pantilione
President and Chief Executive Officer
(Principal Executive Officer)

/s/ John S. Kaufman Jonathan D. Hill
John S. Kaufman Jonathan D. Hill
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

November May 8, 2023 2024

DISCLAIMER