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UNITED STATESSECURITIES AND EXCHANGE COMMISSIONWashington, D.C. 20549FORM 10-Qâ˜’QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934For the quarterly period ended DecemberÂ 31, 2024 ORâ˜TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934For the transition period from Â to Â Commission File Number: 001-13007CARVER BANCORP, INC.(Exact name of registrant as specified in its charter)DelawareÂ 13-3904174(State or Other Jurisdiction of Incorporation or Organization)(I.R.S. Employer Identification No.)75 West 125th StreetNew YorkNew York10027(Address of Principal Executive Offices)(Zip Code)Registrantâ€™s telephone number, including area code: (718)Â 230-2900Securities registered pursuant to Section 12(b) of the Act:Title of each classTrading Symbol(s)Name of each exchange on which registeredCommon Stock, par value $0.01 per shareCARVThe NASDAQ Stock Market, LLCIndicate by check mark whether the registrant (1)Â has filed all reports required to be filed by SectionÂ 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12Â months (or for such shorter period that the registrant was required to file such reports), and (2)Â has been subject to such filing requirements for the past 90Â days. Ã¾ YesÂ Â Â o NoIndicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to RuleÂ 405 of RegulationÂ S-T (Â§232.405 of this chapter) during the preceding 12Â months (or for such shorter period that the registrant was required to submit such files). Ã¾ Yes Â Â oNoIndicate 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 â€œlarge accelerated filer,â€ â€œaccelerated filer,â€ â€œsmaller reporting company,â€ and "emerging growth company" in RuleÂ 12b-2 of the Exchange Act. â˜Large Accelerated Filerâ˜Accelerated Filerâ˜’Non-accelerated Filerâ˜’Smaller Reporting Companyâ˜Emerging Growth CompanyIf 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. â˜Indicate by check mark whether the registrant is a shell company (as defined in RuleÂ 12b-2 of the Exchange Act). â˜ Yes â˜’ NoIndicate the number of shares outstanding of each of the issuerâ€™s classes of common stock, as of the latest practicable date.ClassÂ Outstanding at February 12, 2025Common Stock, par value $0.01Â 5,109,728

PART I. FINANCIAL INFORMATIONCARVER BANCORP, INC. AND SUBSIDIARIESCONSOLIDATED STATEMENTS OF FINANCIAL CONDITION(Unaudited)$ in thousands except per share dataDecemberÂ 31, 2024MarchÂ 31, 2024ASSETSÂ Â Cash and cash equivalents:Â Â Cash and due from banks$49,449Â $58,522Â Money market investments510Â 503Â Total cash and cash equivalents49,959Â 59,025Â Investment securities:Available-for-sale, at fair value (amortized cost of $57,118 and $60,735, respectively)44,121Â 48,030Â Held-to-maturity, at amortized cost (fair value of $1,735 and $1,905, respectively)1,807Â 2,008Â Total investment securities45,928Â 50,038Â Loans receivable:Real estate mortgage loans431,576Â 437,577Â Commercial business loans163,579Â 169,602Â Consumer loans15,722Â 15,699Â Loans, net of deferred fees and costs610,877Â 622,878Â Allowance for credit losses(6,057)(5,871)Total loans receivable, net604,820Â 617,007Â Premises and equipment, net2,166Â 2,567Â Federal Home Loan Bank of New York (â€œFHLB-NYâ€) stock, at cost1,665Â 2,004Â Accrued interest receivable2,466Â 3,662Â Right-of-use assets8,884Â 9,844Â Other assets11,642Â 12,649Â Total assets$727,530Â $756,796Â LIABILITIES AND EQUITYÂ Â LIABILITIESÂ Â Deposits:Â Â Non-interest bearing checking$97,297Â $102,013Â Interest-bearing deposits:Interest-bearing checking43,600Â 46,358Â Savings107,095Â 113,187Â Money market151,796Â 159,105Â Certificates of deposit236,230Â 223,719Â Escrow921Â 2,617Â Total interest-bearing deposits539,642Â 544,986Â Total deposits636,939Â 646,999Â Advances from the FHLB-NY and other borrowed money38,281Â 46,536Â Operating lease liability9,539Â 10,616Â Other liabilities10,505Â 10,336Â Total liabilities695,264Â 714,487Â Commitments and contingencies (Note 8)â€”Â â€”Â EQUITYPreferred stock, (par value $0.01 per share: 9,557 Series D shares, with a liquidation preference of $1,000 per share, issued and outstanding, respectively)9,557Â 9,557Â Preferred stock (par value $0.01 per share: 3,177 Series E shares, with a liquidation preference of $1,000 per share, issued and outstanding, respectively)3,177Â 3,177Â Preferred stock (par value $0.01 per share: 9,000 Series F shares, with a liquidation preference of $1,000 per share, issued and outstanding, respectively)9,000Â 9,000Â Common stock (par value 0.01 per share: 10,000,000 shares authorized; 7,765,863 and 7,644,675 shares issued; 5,262,060 and 5,140,872 shares outstanding, respectively)78Â 77Â Additional paid-in capital87,881Â 87,660Â Accumulated deficit(61,522)(51,549)Treasury stock, at cost (2,503,803 shares, respectively)(2,908)(2,908)Accumulated other comprehensive loss(12,997)(12,705)Total equity32,266Â 42,309Â Total liabilities and equity$727,530Â $756,796Â See accompanying notes to consolidated financial statements1CARVER BANCORP, INC. AND SUBSIDIARIESCONSOLIDATED STATEMENTS OF OPERATIONS(Unaudited)Three Months Ended December 31,Nine Months Ended December 31,$ in thousands, except per share data2024202320242023Interest income:Â Â Loans$5,829Â $7,336Â $22,607Â $21,203Â Mortgage-backed securities132Â 145Â 405Â 439Â Investment securities243Â 289Â 823Â 835Â Money market investments641Â 704Â 2,043Â 1,801Â Total interest income6,845Â 8,474Â 25,878Â 24,278Â Interest expense:Â Â Deposits3,416Â 2,387Â 9,760Â 6,112Â Advances and other borrowed money474Â 606Â 1,664Â 1,784Â Total interest expense3,890Â 2,993Â 11,424Â 7,896Â Net interest income2,955Â 5,481Â 14,454Â 16,382Â Provision for (recovery of) credit losses96Â (97)817Â 77Â Net interest income after provision for (recovery of) credit losses2,859Â 5,578Â 13,637Â 16,305Â Non-interest income:Â Â Depository fees and charges643Â 543Â 1,726Â 1,678Â Loan fees and service charges219Â 101Â 263Â 357Â Loss on sale of loans, netâ€”Â â€”Â (191)â€”Â Grant incomeâ€”Â 1,401Â 80Â 2,003Â Other125Â 490Â 398Â 715Â Total non-interest income987Â 2,535Â 2,276Â 4,753Â Non-interest expense:Â Â Employee compensation and benefits4,050Â 3,452Â 11,093Â 10,097Â Net occupancy expense1,295Â 1,147Â 3,771Â 3,428Â Equipment, net543Â 470Â 1,673Â 1,534Â Data processing759Â 757Â 2,284Â 2,265Â Consulting fees141Â 133Â 421Â 370Â Federal deposit insurance premiums158Â 132Â 487Â 415Â Other2,548Â 2,003Â 6,157Â 5,937Â Total non-interest expense9,494Â 8,094Â 25,886Â 24,046Â (Loss) income before income taxes(5,648)19Â (9,973)(2,988)Â Â Â Income tax expenseâ€”Â â€”Â â€”Â â€”Â Net (loss) income$(5,648)$19Â $(9,973)$(2,988)(Loss) earnings per common share:Basic(1.09)â€”Â (1.93)(0.63)Diluted(1.09)â€”Â (1.93)(0.63)See accompanying notes to consolidated financial statements2CARVER BANCORP, INC. AND SUBSIDIARIESCONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)(Unaudited)Three Months Ended December 31,Nine Months Ended December 31,$ in thousands2024202320242023Net (loss) income$(5,648)$19Â $(9,973)$(2,988)Other comprehensive (loss) income, net of tax:Change in unrealized (loss) gain of securities available-for-sale, net of income tax expense of $0 (due to full valuation allowance)(2,151)3,037Â (292)(62)Total other comprehensive (loss) income, net of tax(2,151)3,037Â (292)(62)Total comprehensive (loss) income, net of tax$(7,799)$3,056Â $(10,265)$(3,050)See accompanying notes to consolidated financial statements3CARVER BANCORP, INC. AND SUBSIDIARIESCONSOLIDATED STATEMENT OF CHANGES IN EQUITYFor the Three and Nine Months Ended DecemberÂ 31, 2024 and 2023(Unaudited)$ in thousandsPreferred StockCommon StockAdditional Paid-In CapitalAccumulated DeficitTreasury StockAccumulated Other Comprehensive LossTotal EquityThree Months Ended DecemberÂ 31, 2024Balance â€” September 30, 2024$21,734Â $77Â $87,687Â $(55,874)$(2,908)$(10,846)$39,870Â Net lossâ€”Â â€”Â â€”Â (5,648)â€”Â â€”Â (5,648)Other comprehensive loss, net of taxesâ€”Â â€”Â â€”Â â€”Â â€”Â (2,151)(2,151)Issuance of common stock1Â 194Â 195Â Balance â€” DecemberÂ 31, 2024$21,734Â $78Â $87,881Â $(61,522)$(2,908)$(12,997)$32,266Â Nine Months Ended DecemberÂ 31, 2024Balance â€” MarchÂ 31, 2024$21,734Â $77Â $87,660Â $(51,549)$(2,908)$(12,705)$42,309Â Net lossâ€”Â â€”Â â€”Â (9,973)â€”Â â€”Â (9,973)Other comprehensive loss, net of taxesâ€”Â â€”Â â€”Â â€”Â â€”Â (292)(292)Issuance of common stock1Â 194Â 195Â Stock based compensation expenseâ€”Â â€”Â 27Â â€”Â â€”Â â€”Â 27Â Balance â€” DecemberÂ 31, 2024$21,734Â $78Â $87,881Â $(61,522)$(2,908)$(12,997)$32,266Â Three Months Ended DecemberÂ 31, 2023Balance â€” September 30, 2023$23,178Â $75Â $86,217Â $(51,579)$(2,908)$(15,314)$39,669Â Net incomeâ€”Â â€”Â â€”Â 19Â â€”Â â€”Â 19Â Other comprehensive income, net of taxesâ€”Â â€”Â â€”Â â€”Â â€”Â 3,037Â 3,037Â Conversion of Series D preferred stock to common stock(550)1Â 549Â â€”Â â€”Â â€”Â â€”Â Stock based compensation expenseâ€”Â â€”Â 1Â â€”Â â€”Â â€”Â 1Â Balance â€” DecemberÂ 31, 2023$22,628Â $76Â $86,767Â $(51,560)$(2,908)$(12,277)$42,726Â Nine Months Ended DecemberÂ 31, 2023Balance â€” March 31, 2023$25,378Â $68Â $82,805Â $(47,904)$(2,908)$(12,215)$45,224Â Cumulative effect adjustment for adoption of ASU 2016-13â€”Â â€”Â â€”Â (668)â€”Â â€”Â (668)Net lossâ€”Â â€”Â â€”Â (2,988)â€”Â â€”Â (2,988)Other comprehensive loss, net of taxesâ€”Â â€”Â â€”Â â€”Â â€”Â (62)(62)Conversion of Series D preferred stock to common stock(2,750)4Â 2,746Â â€”Â â€”Â â€”Â â€”Â Issuance of common stockâ€”Â 4Â 996Â â€”Â â€”Â â€”Â 1,000Â Stock based compensation expenseâ€”Â â€”Â 220Â â€”Â â€”Â â€”Â 220Â Balance â€” DecemberÂ 31, 2023$22,628Â $76Â $86,767Â $(51,560)$(2,908)$(12,277)$42,726Â See accompanying notes to consolidated financial statements4CARVER BANCORP, INC. AND SUBSIDIARIESCONSOLIDATED STATEMENTS OF CASH FLOWS(Unaudited)Nine Months Ended December 31,$ in thousands20242023CASH FLOWS FROM OPERATING ACTIVITIESÂ Â Net loss$(9,973)$(2,988)Adjustments to reconcile net loss to net cash used in operating activities:Provision for credit losses817Â 77Â Stock based compensation expense27Â 220Â Depreciation and amortization expense639Â 744Â Loss on sale of loans, net191Â â€”Â Amortization and accretion of loan premiums and discounts and deferred charges, net156Â 155Â Amortization and accretion of premiums and discounts â€” securities164Â 249Â Decrease (increase) in accrued interest receivable1,195Â (503)Decrease (increase) in other assets263Â (237)Increase (decrease) in other liabilities100Â (1,431)Net cash used in operating activities(6,421)(3,714)CASH FLOWS FROM INVESTING ACTIVITIESÂ Proceeds from principal payments, maturities and calls of investments: Available-for-sale3,456Â 4,430Â Proceeds from principal payments, maturities and calls of investments: Held-to-maturity197Â 236Â Increase in equity investmentsâ€”Â (603)Loans held-for investment, net of (originations) and repayments/payoffs and maturities15,345Â 2,855Â Loans purchased from third parties(3,760)(29,467)Proceeds from loans sold143Â â€”Â Redemption of FHLB-NY stock, net339Â 262Â Purchase of premises and equipment(313)(236)Net cash provided by (used in) investing activities15,407Â (22,523)CASH FLOWS FROM FINANCING ACTIVITIESÂ Â Net (decrease) increase in deposits(10,060)62,388Â Repayment of short-term borrowingsâ€”Â (10,000)Proceeds from long-term borrowings1,814Â 5,527Â Repayment of long-term borrowings(10,000)â€”Â Issuance of common stock194Â 1,000Â Net cash (used in) provided by financing activities(18,052)58,915Â Net (decrease) increase in cash and cash equivalents(9,066)32,678Â Cash and cash equivalents at beginning of period59,025Â 42,552Â Cash and cash equivalents at end of period$49,959Â $75,230Â Supplemental cash flow information:Â Â Noncash financing and investing activitiesÂ Â Conversion of preferred stock to common stock$â€”Â $2,750Â Cash paid for:Interest$7,676Â $7,158Â Tax on capital187Â 417Â See accompanying notes to consolidated financial statements5CARVER BANCORP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements (Unaudited)NOTE 1. ORGANIZATIONNature of operationsÂ Â Â Â Carver Bancorp, Inc. (on a stand-alone basis, the â€œCompanyâ€ or â€œRegistrantâ€), was incorporated in May 1996 and its principal wholly-owned subsidiary is Carver Federal Savings Bank (the â€œBankâ€ or â€œCarver Federalâ€). Carver Federal's wholly-owned subsidiaries are CFSB Realty Corp., Carver Community Development Corporation (â€œCCDCâ€) and CFSB Credit Corp., which is currently inactive. The Bank has a real estate investment trust, Carver Asset Corporation ("CAC"), that was formed in February 2004.Â Â Â Â â€œCarver,â€ the â€œCompany,â€ â€œwe,â€ â€œusâ€ or â€œourâ€ refers to the Company along with its consolidated subsidiaries. The Bank was chartered in 1948 and began operations in 1949 as Carver Federal Savings and Loan Association, a federally-chartered mutual savings and loan association. The Bank converted to a federal savings bank in 1986. On October 24, 1994, the Bank converted from a mutual holding company structure to stock form and issued 2,314,375 shares of its common stock, par value $0.01 per share. On October 17, 1996, the Bank completed its reorganization into a holding company structure (the â€œReorganizationâ€) and became a wholly-owned subsidiary of the Company. Â Â Â Â Carver Federalâ€™s principal business consists of attracting deposit accounts through its branches and investing those funds in mortgage loans and other investments permitted by federal savings banks. The Bank has seven branches located throughout the City of New York that primarily serve the communities in which they operate.Â Â Â Â In September 2003, the Company formed Carver Statutory Trust I (the â€œTrustâ€) for the sole purpose of issuing trust preferred securities and investing the proceeds in an equivalent amount of floating rate junior subordinated debentures of the Company. In accordance with Accounting Standards Codification (â€œASCâ€) 810, â€œConsolidations,â€ Carver Statutory Trust I is unconsolidated for financial reporting purposes. On September 17, 2003, Carver Statutory Trust I issued 13,000 shares, liquidation amount $1,000 per share, of floating rate capital securities.Â Â Gross proceeds from the sale of these trust preferred debt securities of $13 million, and proceeds from the sale of the trust's common securities of $0.4 million, were used to purchase approximately $13.4 million aggregate principal amount of the Company's floating rate junior subordinated debt securities due 2033.Â Â The trust preferred debt securities are redeemable at par quarterly at the option of the Company beginning on or after September 17, 2008, and have a mandatory redemption date of September 17, 2033. Cash distributions on the trust preferred debt securities are cumulative and payable at a floating rate per annum resetting quarterly with a margin of 3.05% over the three-month SOFR. During the second quarter of fiscal year 2017, the Company applied for and was granted regulatory approval to settle all outstanding debenture interest payments through September 2016. Such payments were made in September 2016. Interest on the debentures had been deferred beginning with the December 2016 payment, per the terms of the agreement, which permit such deferral for up to twenty consecutive quarters, as the Company is prohibited from making payments without prior regulatory approval. During the fourth quarter of fiscal year 2021, the Company applied for and was granted regulatory approval to settle all outstanding debenture interest payments through June 2021. Full payment was made on June 16, 2021. The Company deferred the September 17, 2021 interest payment, but has since had discussions with the Federal Reserve Bank of Philadelphia regarding future quarterly payments. A streamlined process has been developed for the Company to request regulatory approval to make debenture interest payments. On December 16, 2021, the Company paid the deferred interest that was due on September 17, 2021 and the regular quarterly interest payment due on December 17, 2021. All quarterly interest payments subsequent to the June 2021 payment up to and including the December 2024 payment have been made. The interest rate was 7.66% and the accrued interest was $46 thousand at DecemberÂ 31, 2024.Â Â Â Â While Carver has suspended its regular quarterly cash dividend on its common stock, in the future, Carver may rely on dividends from Carver Federal to pay cash dividends to its stockholders and to engage in share repurchase programs. In recent years, Carver has been successful in obtaining cash independently through its capital raising efforts, which may include cash from government grants or below market-rate loans. As the subsidiary of a savings and loan association holding company, Carver Federal must file a notice or an application (depending on the proposed dividend amount) with the OCC (and an application with the FRB) prior to the declaration of each capital distribution. The OCC will disallow any proposed dividend that, among other reasons, would result in Carver Federalâ€™s failure to meet the OCC minimum capital requirements. 6RegulationÂ Â Â Â On May 24, 2016, the Bank entered into a Formal Agreement ("the Agreement") with the OCC to undertake certain compliance-related and other actions. As a result of the Agreement, the Bank was required to obtain the approval of the OCC prior to effecting any change in its directors or senior executive officers, paying dividends and entering into any "golden parachute payments" as that term is defined under 12 U.S.C. Â§ 1828(k) and 12 C.F.R. Part 359. As a result of the Agreement, Carver was issued an Individual Minimum Capital Ratio (â€œIMCRâ€) letter by the OCC, which requires the Bank to maintain minimum regulatory capital levels of 9% for its Tier1 leverage ratio and 12% for its total risk-based capital ratio. The Agreement was terminated on January 18, 2023. The IMCR remains in effect. The Company continues to be subject to similar requirements that the Bank was subject to under the Agreement. The Company must provide notice to the FRB prior to effecting any change in its directors or senior executive officers. The Company is also subject to the restrictions on golden parachute and indemnification payments, as set forth in 12 C.F.R. Part 359. Written approval of the Federal Reserve Bank is required prior to: (1) the declaration or payment of dividends by the Company to its stockholders, (2) the declaration or payment of dividends by the Bank to the Company, (3) any distributions of interest or principal by the Company on subordinated debentures or trust preferred securities, (4) any purchases or redemptions of the Companyâ€™s stock and (5) the Company incurring, increasing or guaranteeing certain long-term debt outside the ordinary course of business. These limitations could affect our operations and financial performance.NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIESBasis of consolidated financial statement presentationÂ Â Â Â The consolidated financial statements include the accounts of the Company, the Bank and the Bankâ€™s wholly-owned or majority-owned subsidiaries, Carver Asset

Corporation, CFSB Realty Corp., CCDC, and CFSB Credit Corp., which is currently inactive. All significant intercompany accounts and transactions have been eliminated in consolidation.The Company's subsidiary, Carver Statutory Trust I, is not consolidated with Carver Bancorp, Inc. for financial reporting purposes.Â Â Carver Statutory Trust I was formed in 2003 for the purpose of issuing $13 million aggregate liquidation amount of floating rate Capital Securities due September 17, 2033 (â€œCapital Securitiesâ€) and $0.4 million of common securities (which are the only voting securities of Carver Statutory Trust I), which are 100% owned by Carver Bancorp, Inc., and using the proceeds to acquire Junior Subordinated Debentures issued by Carver Bancorp, Inc.Â Â Carver Bancorp, Inc. has fully and unconditionally guaranteed the Capital Securities along with all obligations of Carver Statutory Trust I under the trust agreement relating to the Capital Securities. The Company does not consolidate the accounts and related activity of Carver Statutory Trust I because it is not the primary beneficiary of the entity.Variable interest entities ("VIEs") are consolidated, as required, when Carver has a controlling financial interest in these entities and is deemed to be the primary beneficiary. Carver is normally deemed to have a controlling financial interest and be the primary beneficiary if it has both (a) the power to direct activities of a VIE that most significantly impact the entity's economic performance; and (b) the obligation to absorb losses of the entity that could benefit from the activities that could potentially be significant to the VIE.Â Â Â Â The consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair statement of the results of the interim period presented. Operating results for the three and nine month periods ended DecemberÂ 31, 2024 are not necessarily indicative of the results that may be expected for the year ended MarchÂ 31, 2025. The consolidated balance sheet at DecemberÂ 31, 2024 has been derived from the unaudited consolidated financial statements at that date, but does not include all of the information and footnotes required by GAAP for complete financial statements. In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated statement of financial condition and revenues and expenses for the period then ended. These unaudited consolidated financial statements should be read in conjunction with the Annual Report on Form 10-K for the year ended MarchÂ 31, 2024. Amounts subject to significant estimates and assumptions are items such as the allowance for credit losses, realization of deferred tax assets, and the fair value of financial instruments. While management uses available information to recognize losses on loans, future additions to the allowance for credit loss or future writedowns of real estate owned may be necessary based on changes in economic conditions in the areas where Carver Federal has extended 7mortgages and other credit instruments. Actual results could differ significantly from those assumptions. Current market conditions increase the risk and complexity of the judgments in these estimates.Certain comparative amounts for the prior period have been reclassified to conform to current period presentations. Such reclassifications had no effect on net income or shareholders' equity.Recent EventsThe business climate continues to present significant challenges as banks continue to absorb heightened regulatory costs and compete for limited loan demand. Inflationary pressure has started to decrease, but rates remain high and affect customer demand. The target interest rate range had been held steady at its highest point between 5.25% and 5.5% since July 2023, until the Federal Reserve lowered the rates by 50 basis points in September 2024, easing monetary policy for the first time since regular increases began in March 2022. The Federal Reserve approved two additional cuts in November and December, lowering the overnight borrowing rate to a range between 4.25% to 4.5%, but left interest rates unchanged at the January 2025 meeting. For Carver, the economic climate of New York City (â€œthe Cityâ€), in particular, impacts our business as the City lags behind the rest of New York State and the nation both in job growth and levels of unemployment. The City's local area inflation has exceeded the national rate and its unemployment rate remains high at 5.4%, exceeding the national average. The Bank's liquidity position remains adequate. The impact of market volatility from continued inflation and higher interest rates will depend on future developments, which are highly uncertain and difficult to predict. The Company is closely monitoring its asset quality, liquidity, and capital positions, as well as the credit risk in its loan portfolio. Management is actively working to minimize the current and future impact of the current business and industry environment, and is continuing to make adjustments to operations where appropriate or necessary to mitigate risk. However, these factors and events may have negative effects on the business, financial condition, and results of operations of the Company and its customers.Recent Accounting StandardsAccounting Standards Recently AdoptedOn April 1, 2023, the Company adopted Accounting Standards Codification ("ASC") Topic 326, "Financial Instruments - Credit Loss (ASC 326)," which replaces the guidance on recognition and measurement of credit losses for financial assets. The new requirements, known as the current expected credit loss model ("CECL") requires entities to adopt an impairment model based on expected losses rather than incurred losses. Under the CECL model, the allowance for credit losses ("ACL") is a valuation allowance that is deducted from the amortized cost basis of certain financial assets, including loans, held-to-maturity securities, and other receivables, to present the net carrying value at the amount expected to be collected. The measurement of expected credit losses is based on information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. This differs from the incurred loss model, which delays recognition of credit losses until it is probable a loss has been incurred. The Company applied the new guidance with a cumulative-effect adjustment to retained earnings as of April 1, 2023, using the modified-retrospective approach. Results for reporting periods beginning after April 1, 2023 are presented under CECL. The adoption of ASC 326 resulted in an increase of $0.7 million to the allowance for credit losses related to loans and to the opening balance of accumulated deficit for the year ended March 31, 2024. There was no material impact for other assets within the scope of the new CECL guidance, such as held-to-maturity debt securities and other receivables. On April 1, 2023, the Company adopted ASU No. 2022-02, "Financial Instruments - Credit Losses (ASC 326): Troubled Debt Restructurings (TDRs) and Vintage Disclosures," which eliminates the accounting guidance for TDRs, and replaced it with guidance and disclosure requirements for certain loan refinancing and restructuring activities to borrowers experiencing financial difficulty. The amendments also require disclosure of current period gross writeoffs by year of origination. The adoption of the standard did not have a material impact on the Company's consolidated statements of financial condition and results of operations.On April 1, 2023, the Company adopted ASU No. 2021-10 "Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance," which was issued to improve the financial reporting of government assistance received by business entities by requiring the disclosure of (1) the types of assistance received, (2) an entityâ€™s accounting for the assistance, and (3) the effect of the assistance on an entityâ€™s financial statements. The adoption of the standard did not have a material impact on the Company's consolidated statements of financial condition and results of operations.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," which provides optional expedients and exceptions for applying GAAP to loan and lease agreements, derivative contracts, and other transactions affected by the anticipated transition away from LIBOR toward new interest rate benchmarks. For transactions that are modified because of reference rate reform and that meet certain scope guidance (i) modifications of loan agreements should be accounted for by prospectively adjusting the effective interest 8rate and the modification will be considered "minor" so that any existing unamortized origination fees/costs would carry forward and continue to be amortized and (ii) modifications of lease agreements should be accounted for as a continuation of the existing agreement with no reassessments of the lease classification and the discount rate or remeasurements of lease payments that otherwise would be required for modifications not accounted for as separate contracts. ASU 2020-04 is effective March 12, 2020 through December 31, 2022. An entity may elect to apply ASU 2020-04 for contract modifications as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020, or prospectively from a date within an interim period that includes or is subsequent to March 12, 2020, up to the date that the financial statements are available to be issued. Once elected for a Topic or an Industry Subtopic, the amendments in this ASU must be applied prospectively for all eligible contract modifications for that Topic or Industry Subtopic. In December 2022, the FASB issued ASU No. 2022-06 "Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848," which defers the sunset date of Topic 848 from December 31, 2022 to December 31, 2024, after which entities will no longer be permitted to apply for relief in Topic 848. The Company adopted the LIBOR transition relief allowed under this standard, which allowed prospective recognition of the continuation of the contract, rather than extinguishment of the old contract resulting in writing off unamortized fees/costs. Accounting Standards Not Yet AdoptedIn November 2024, the FASB issued ASU No. 2024-03 "Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40)" to improve the disclosures about a public business entity's expenses and address investor requests for more detailed information about the types of expenses (including purchases of inventory, employee compensation, depreciation, amortization, and depletion) in commonly presented expense captions. ASU No. 2024-03 is effective for fiscal years beginning after December 15, 2026 (for the Company, the fiscal year ending March 31, 2028), and interim periods beginning after December 15, 2027. Early adoption is permitted. The amendments in this update should be applied either prospectively to financial statements issued for reporting periods after the effective date of this update, or retrospectively to any or all prior periods presented in the financial statements. ASU 2024-03 is not expected to have a material impact on the Company's financial statements.In December 2023, the FASB issued ASU No. 2023-09 "Income Taxes (Topic 740): Improvements to Income Tax Disclosures" to enhance income tax disclosures to help investors better assess how a company's operations and related tax risks and tax planning and operational opportunities affect its tax rate and prospects for future cash flows. The amendments in this update will require further disaggregated information about a reporting entity's effective tax rate reconciliation and information on income taxes paid. ASU No. 2023-09 is effective for fiscal years beginning after December 15, 2024 (for the Company, the fiscal year ending March 31, 2026), and interim periods within those fiscal years. Early adoption is permitted. The amendments in this update should be applied on a prospective basis with an option for retrospective application. ASU 2023-09 is not expected to have a material impact on the Company's financial statements.In November 2023, the FASB issued ASU No. 2023-07 "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures" to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. ASU No. 2023-07 is effective for fiscal years beginning after December 15, 2023 (for the Company, the fiscal year ending March 31, 2025), and interim periods within fiscal years beginning after December 15, 2024. The amendments in this update should be applied retrospectively to all prior periods presented in the financial statements. Upon transition, the segment expense categories and amounts disclosed in the prior periods should be based on the significant segment expense categories identified and disclosed in the period of adoption. The Company does not expect the adoption of this ASU to have a material impact on the Company's financial statements.9NOTE 3. (LOSS) EARNINGS PER COMMON SHAREÂ Â Â The following table reconciles the (loss) income attributable to common shareholders (numerator) and the weighted average common stock outstanding (denominator) for both basic and diluted (loss) earnings per share for the following periods:Three Months Ended December 31,Nine Months EndedDecember 31,$ in thousands except per share data2024202320242023Net (loss) income$(5,648)$19Â $(9,973)$(2,988)Less: Participated securities share of undistributed earningsâ€"Â 4Â â€"Â â€"Â Net (loss) income attributable to common shareholders$(5,648)$15Â $(9,973)$(2,988)Weighted average common shares outstanding - basic5,189,207Â 5,002,290Â 5,156,984Â 4,771,706Â Effect of dilutive sharesâ€"Â 1,417,536Â â€"Â â€"Â Weighted average common shares outstanding â€" diluted5,189,207Â 6,419,826Â 5,156,984Â 4,771,706Â Basic (loss) earnings per common share(1.09)â€"Â (1.93)(0.63)Diluted (loss) earnings per common share(1.09)â€"Â (1.93)(0.63)The Company has preferred shares which are entitled to receive dividends if declared on the Company's common stock and are therefore considered to be participating securities. Basic earnings (loss) per share (â€œEPSâ€) is computed using the two class method. This calculation divides net income (loss) available to common stockholders after the allocation of undistributed earnings to the participating securities by the weighted average number of shares of common stock outstanding during the period.Â Â Diluted earnings per share takes into account the potential dilution that could occur if securities or other contracts to issue common stock were exercised and converted into common stock. These potentially dilutive shares are then included in the weighted average number of shares outstanding for the period. Dilution calculations are not applicable to net loss periods. For the three and nine months ended DecemberÂ 31, 2024 and nine months ended DecemberÂ 31, 2023, all restricted shares and outstanding stock options were anti-dilutive.NOTE 4. COMMON STOCK DIVIDENDS AND ISSUANCESÂ Â Â Â On October 28, 2011, the United States Department of the Treasury (the "Treasury Department") exchanged the CDCI Series B preferred stock for 2,321,286 shares of Carver common stock and the Series C preferred stock converted into 1,208,039 shares of Carver common stock and 45,118 shares of Series D preferred stock. Series C stock was previously reported as mezzanine equity, and upon conversion to common and Series D preferred stock is now reported as equity attributable to Carver Bancorp, Inc. The holders of the Series D Preferred Stock are entitled to receive dividends, on an as-converted basis, simultaneously to the payment of any dividends on the common stock.On August 6, 2020, the Company entered into a Securities Purchase Agreement (the "Agreement") with the Treasury Department to repurchase 2,321,286 shares of Company common stock, owned by the Treasury Department for an aggregate purchase price of $2.5Â million. The stock repurchase provided for in the Agreement was completed on August 6, 2020. Upon completion of the repurchase pursuant to the Agreement, the Treasury Department was no longer a stockholder in the Company. In connection with the repurchase, Morgan Stanley provided a grant of $2.5 million that was considered contributed capital to the Company to fund the repurchase transaction. On February 16, 2021, the Company entered into an agreement with J.P. Morgan Chase Community Development Corporation ("J.P. Morgan"), under which it sold: (i) 112,612 shares of its common stock, par value $0.01 per share, at a purchase price of $8.88 per share, and (ii) 5,000 shares of a new series of preferred stock, Series F non-cumulative non-voting non-convertible preferred stock, par value $0.01 per share ("Series F Preferred Stock"), at a purchase price of $1,000 per share, in a private placement for gross proceeds of approximately $6.0Â million. On September 27, 2021, the Company entered into an agreement with J.P. Morgan under which it sold an additional 4,000 shares of its Series F Preferred Stock, at a purchase price of $1,000 per share, in a private placement for gross proceeds of $4.0Â million. The issuances of the shares were exempt from registration pursuant to the exemption provided under Rule 506 of Regulation D promulgated under the Securities Act of 1933, as amended. The offerings were made only to accredited investors as that term is defined in Rule 501(a) of Regulation D under the Act. On December 14, 2021, the Company entered into a Sales Agreement (the "Sales Agreement") with Piper Sandler & Co. (â€œPiper Sandlerâ€), as sales agent, pursuant to which the Company may offer and sell shares of its common stock, par value 10$0.01 per share, having an aggregate gross sales prices of up to $20.0 million (the â€œATM Sharesâ€) from time to time. Any sales made under the Sales Agreement will be sales deemed to be "at-the-market (ATM) offerings," as defined in Rule 415 under the Securities Act of 1933, as amended. These sales will be made through ordinary broker transactions on the NASDAQ Capital Market stock exchange at market prices prevailing at the time, at prices related to the prevailing market prices, or at negotiated prices. The net proceeds of these offerings were used for general corporate purposes, including support for organic loan growth. During fiscal year 2022, the Company sold an aggregate of 397,367 shares of common stock under the ATM offering program, resulting in gross proceeds of $3.1 million and net proceeds to the Company of $3.0 million after deducting commissions and expenses. There have been no subsequent offerings. During fiscal year 2023, Prudential Insurance Company of America ("Prudential"), an institutional investor, donated a total of 550 shares of its holdings of Series D Preferred Stock to third parties. The third parties notified the Company of their intention to cancel the shares and convert them into 67,265 shares of Common Stock. During fiscal year 2024, Prudential donated a total of 3,644 shares of its holdings of Series D Preferred Stock to third parties. The third parties notified the Company of their intention to cancel the shares and convert them into 445,661 shares of Common Stock. The conversions had no impact on the Company's total capital. There have been no conversions during the nine months ended DecemberÂ 31, 2024. On July 19, 2023, the Company entered into an agreement with National Community Investment Fund, under which it sold 378,788 shares of its common stock, par value $0.01 per share, at a purchase price of $2.64 per share in a private placement for gross proceeds of approximately $1.0Â million. The Company intends to use the net proceeds of the private placement for general corporate purposes. The issuance of the shares is exempt from registration pursuant to under Section 4(a)(2) of the Securities Act of 1933, as amended, and Regulation D of the rules and regulations promulgated thereunder. NOTE 5. ACCUMULATED OTHER COMPREHENSIVE LOSSÂ Â Â Â The following tables set forth changes in each component of accumulated other comprehensive loss, net of tax for the nine months ended DecemberÂ 31, 2024 and 2023:$ in thousandsAtMarchÂ 31, 2024OtherComprehensiveLoss, net of taxAtDecemberÂ 31, 2024Net unrealized loss on securities available-for-sale$(12,705)$(292)$(12,997)$ in thousandsAtMarchÂ 31, 2023OtherComprehensiveLoss, net of taxAtDecemberÂ 31, 2023Net unrealized loss on securities available-for-sale$(12,215)$(62)$(12,277)Â Â Â Â There were no reclassifications out of accumulated other comprehensive loss to the consolidated statement of operations for the nine months ended DecemberÂ 31, 2024 and 2023. NOTE 6. INVESTMENT SECURITIESÂ Â Â Â Generally, the investment policy of the Bank is to invest funds among categories of investments and maturities based upon the Bankâ€™s asset/liability management policies, investment quality, loan and deposit volume and collateral requirements, liquidity needs and performance objectives. Debt securities are classified into three categories: trading, held-to-maturity, and available-for-sale. At DecemberÂ 31, 2024, securities with fair value of $44.1 million, or 96.1%, of the Bankâ€™s total securities were classified as available-for-sale, and securities with amortized cost of $1.8 million, or 3.9%, were classified as held-to-maturity, compared to $48.0 million and $2.0 million at

MarchÂ 31, 2024, respectively. The Bank had no securities classified as trading at DecemberÂ 31, 2024 and MarchÂ 31, 2024.Â Â Â Â Other investments as of DecemberÂ 31, 2024 primarily consisted of the Company and Bank's investments in limited partnership Community Capital Funds and a $5.0 million bank-owned life insurance policy ("BOLI") purchased during the first quarter of fiscal year 2023 as a channel to add to the Company's non-interest income revenue by means of an investment considered safe and sound by the Company's regulators. The investments in the limited partnerships are measured using the equity method. The BOLI is carried at the cash surrender value of the underlying policies. Income generated from the investments and the increase in the cash surrender value of the BOLI is included in other non-interest income on the Statements 11of Operations. Other investments totaled $6.4 million at DecemberÂ 31, 2024 and are included in Other Assets on the Statements of Financial Condition.Â Â Â Â The following tables set forth the amortized cost and fair value of securities available-for-sale and held-to-maturity at DecemberÂ 31, 2024 and MarchÂ 31, 2024:At DecemberÂ 31, 2024AmortizedGross Unrealized$ in thousandsCostGainsLossesFair ValueAvailable-for-Sale:Â Â Â Â Mortgage-backed Securities:Â Â Â Â Government National Mortgage Association$211Â $4Â $â€"Â $215Â Federal Home Loan Mortgage Corporation19,115Â â€"Â (4,383)14,732Â Federal National Mortgage Association10,390Â â€"Â (2,340)8,050Â Total mortgage-backed securities29,716Â 4Â (6,723)22,997Â U.S. Government Agency Securities4,460Â â€"Â (22)4,438Â Corporate Bonds5,263Â â€"Â (2,446)2,817Â Muni Securities17,679Â â€"Â (3,810)13,869Â Total available-for-sale$57,118Â $4Â $(13,001)$44,121Â Held-to-Maturity:Â Â Â Â Mortgage-backed Securities:Â Â Â Â Government National Mortgage Association$254Â $â€"Â (12)242Â Federal National Mortgage Association and Other1,553Â â€"Â (60)1,493Â Total held-to maturity$1,807Â $â€"Â (72)1,735Â At MarchÂ 31, 2024AmortizedGross Unrealized$ in thousandsCostGainsLossesFair ValueAvailable-for-Sale:Â Â Â Â Mortgage-backed Securities:Â Â Â Â Government National Mortgage Association$280Â $4Â (1)283Â Federal Home Loan Mortgage Corporation20,299Â â€"Â (4,501)15,798Â Federal National Mortgage Association10,975Â â€"Â (2,339)8,636Â Total mortgage-backed securities31,554Â 4Â (6,841)24,717Â U.S. Government Agency Securities6,219Â â€"Â (25)6,194Â Corporate Bonds5,266Â â€"Â (2,203)3,063Â Muni Securities17,696Â â€"Â (3,640)14,056Â Total available-for-sale$60,735Â $4Â $(12,709)$48,030Â Held-to-Maturity:Â Â Â Â Mortgage-backed Securities:Â Â Â Â Government National Mortgage Association$292Â $â€"Â (9)283Â Federal National Mortgage Association and Other1,716Â â€"Â (94)1,622Â Total held-to-maturity$2,008Â $â€"Â (103)1,905Â There were no sales of available-for-sale and held-to-maturity securities for the nine months ended DecemberÂ 31, 2024 and DecemberÂ 31, 2023. 12Â Â Â Â The following tables set forth the unrealized losses and fair value of securities in an unrealized loss position at DecemberÂ 31, 2024 and MarchÂ 31, 2024 for less than 12Â months and 12Â months or longer:At DecemberÂ 31, 2024Less than 12 months12 months or longerTotal$ in thousandsUnrealizedLossesFairValueUnrealizedLossesFairValueUnrealizedLossesFairValueAvailable-for-Sale:Â Â Â Â Â Â Mortgage-backed securities$â€"Â $â€"Â $(6,723)$22,782Â $(6,723)$22,782Â U.S. Government Agency securities(16)3,493Â (6)945Â (22)4,438Â Corporate bondsâ€"Â â€"Â (2,446)2,817Â (2,446)2,817Â Muni securitiesâ€"Â â€"Â (3,810)13,869Â (3,810)13,869Â Total available-for-sale securities(16)3,493Â $(12,985)$40,413Â $(13,001)$43,906Â Held-to-Maturity:Mortgage-backed securities$â€"Â $â€"Â (72)1,705Â (72)1,705Â Â Â Total held-to-maturity securities$â€"Â $â€"Â (72)1,705Â (72)1,705Â At MarchÂ 31, 2024Less than 12 months12 months or longerTotal$ in thousandsUnrealizedLossesFairValueUnrealizedLossesFairValueUnrealizedLossesFairValueAvailable-for-Sale:Â Â Â Â Â Â Mortgage-backed securities$â€"Â $â€"Â $(6,841)$24,468Â $(6,841)$24,468Â U.S. Government Agency securities(2)1,273Â (23)4,921Â (25)6,194Â Corporate bondsâ€"Â â€"Â (2,203)3,063Â (2,203)3,063Â Muni securitiesâ€"Â â€"Â (3,640)14,056Â (3,640)14,056Â Total available-for-sale securities(2)1,273Â $(12,707)$46,508Â $(12,709)$47,781Â Held-to-Maturity:Â Â Â Â Â Â Mortgage-backed securities$â€"Â $â€"Â (103)1,872Â (103)1,872Â Total held-to-maturity securities$â€"Â $â€"Â (103)1,872Â (103)1,872Â Â Â Â Â Management reviews the investment portfolio on a quarterly basis to identify and evaluate each investment that has an unrealized holding loss. A total of 23 available-for-sale and held-to-maturity securities had an unrealized loss at DecemberÂ 31, 2024 compared to 24 at MarchÂ 31, 2024. Mortgage-backed securities, U.S. government agency securities, municipal securities and a corporate bond security represented 51.9%, 10.1%, 31.6% and 6.4%, respectively, of total available-for-sale securities in an unrealized loss position at DecemberÂ 31, 2024. There were seven mortgage-backed securities, one U.S. government agency securities, one corporate bond and six municipal securities that had an unrealized loss position for more than 12 months at DecemberÂ 31, 2024. Management has evaluated available-for-sale securities that are in an unrealized loss position and determined that the declines in fair value are attributable to market volatility, and not credit quality or other factors. Given the high credit quality of the mortgage-backed securities, which are backed by explicit U.S. government guarantees, or guarantees by government sponsored enterprises that have credit ratings and perceived credit risk comparable to the U.S. government, the high credit quality and strong financial performance of the U.S. government agency and the results of the individual analyses performed for and continuous surveillance on the municipal securities, as well as the corporate security that is a reputable institution in good financial standing, the risk of credit loss is minimal. Management believes that these unrealized losses are a direct result of the current rate environment and the Company has the ability and intent to hold the securities until maturity or the valuations recover. The Bank's held-to-maturity portfolio consists of six mortgage-backed securities that were in an unrealized loss position for more than 12 months at DecemberÂ 31, 2024. These securities are either fully guaranteed or issued by a government sponsored enterprise, which has a credit rating and perceived credit risk comparable to the U.S. government. As such, no allowance for credit losses on securities available-for-sale or held-to-maturity have been established as of DecemberÂ 31, 2024.13Â Â Â Â The following is a summary of the amortized cost and fair value of debt securities at DecemberÂ 31, 2024, by remaining period to contractual maturity (ignoring earlier call dates, if any).Â Â Actual maturities may differ from contractual maturities because certain security issuers have the right to call or prepay theirÂ obligations.Â Â The table below does not consider the effects of possible prepayments or unscheduled repayments.$ in thousandsAmortized CostFair ValueWeighted Average YieldAvailable-for-Sale:One through five years$952Â $945Â 5.83Â %Five through ten years4,673Â 3,954Â 2.45Â %After ten years21,777Â 16,225Â 3.10Â %Mortgage-backed securities29,716Â 22,997Â 1.64Â %Total$57,118Â $44,121Â 2.34Â %Held-to-maturity:Mortgage-backed securities$1,807Â $1,735Â 2.85Â %NOTE 7. LOANS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSESThe loans receivable portfolio is segmented into one-to-four family, multifamily, commercial real estate, construction, business (including Small Business Administration loans), and consumer loans.Â Â Â Â The ACL reflects managementâ€™s estimate of lifetime credit losses inherent in loans as of the balance sheet date. Management uses a disciplined process and methodology to calculate the ACL each quarter. To determine the total ACL, management estimates the reserves needed for each segment of the loan portfolio, including loans analyzed individually and loans analyzed on a pooled basis. Â Â Â Â The following is a summary of loans receivable, net of allowance for credit losses at DecemberÂ 31, 2024 and MarchÂ 31, 2024:DecemberÂ 31, 2024MarchÂ 31, 2024$ in thousandsAmountPercentAmountPercentLoans receivable:Â Â Â Â One-to-four family$76,361Â 12.5Â %$82,787Â 13.3Â %Multifamily169,596Â 27.8Â %177,203Â 28.4Â %Commercial real estate181,488Â 29.7Â %175,384Â 28.2Â %Construction4,131Â 0.6Â %2,203Â 0.4Â %Business (1)163,579Â 26.8Â %169,602Â 27.2Â %Consumer (2)15,722Â 2.6Â %15,699Â 2.5Â %Total loans receivable$610,877Â 100.0Â %$622,878Â 100.0Â %Allowance for credit losses(6,057)(5,871)Total loans receivable, net$604,820Â $617,007Â (1) Includes PPP loans and business overdrafts(2) Includes personal loans and consumer overdraftsThe totals above are shown net of deferred loan fees and costs. Net deferred loan fees totaled $2.6 million and $2.9 million at DecemberÂ 31, 2024 and MarchÂ 31, 2024, respectively. The Bank purchased $3.8 million consumer loans during the nine months ended DecemberÂ 31, 2024.The Bank participated as a lender in the PPP, which opened on April 3, 2020. As part of the CARES Act, the SBA was authorized to temporarily guarantee loans under this new 7(a) loan program. Under the PPP, small businesses and other entities and individuals could apply for loans from existing SBA lenders and other approved regulated lenders that enrolled in the program, subject to numerous limitations and eligibility criteria. Since the PPP loans are fully guaranteed by the SBA, there are no additional ACL reserves required. As of DecemberÂ 31, 2024, the Bank had approved and funded approximately 420 applications totaling $57.1Â million of loans under the PPP. Outstanding business loans under the PPP totaled $210Â thousand as of DecemberÂ 31, 2024. 14The following is an analysis of the allowance for credit losses based upon the method of evaluating loan reserves under the expected loss methodology for the three and nine months ended DecemberÂ 31, 2024 and 2023, and the fiscal year ended MarchÂ 31, 2024. Three months ended DecemberÂ 31, 2024$ in thousandsOne-to-fourfamilyMultifamilyCommercial Real EstateConstructionBusinessConsumer UnallocatedTotalAllowance for credit losses:Â Â Â Â Â Â Beginning Balance$2,013Â $759Â $1,247Â $4Â $1,539Â $607Â $73Â $6,242Â Charge-offsâ€"Â â€"Â â€"Â â€"Â (61)(226)â€"Â (287)Recoveriesâ€"Â â€"Â â€"Â â€"Â 2Â 4Â â€"Â 6Â Provision for (recovery of) Credit Losses(112)39Â 91Â (1)(65)208Â (64)96Â Ending Balance$1,901Â $798Â $1,338Â $3Â $1,415Â $593Â $9Â $6,057Â Nine months ended DecemberÂ 31, 2024$ in thousandsOne-to-fourfamilyMultifamilyCommercial Real EstateConstructionBusinessConsumer UnallocatedTotalAllowance for credit losses:Â Â Â Â Â Â Beginning Balance$2,005Â $720Â $1,222Â $1Â $1,415Â $450Â $58Â $5,871Â Charge-offsâ€"Â â€"Â â€"Â â€"Â (289)(353)â€"Â (642)Recoveriesâ€"Â â€"Â â€"Â â€"Â 6Â 5Â â€"Â 11Â Provision for (recovery of) Credit Losses(104)78Â 116Â 2Â 283Â 491Â (49)817Â Ending Balance$1,901Â $798Â $1,338Â $3Â $1,415Â $593Â $9Â $6,057Â Allowance for Credit Losses Ending Balance: collectively evaluated for impairment$1,901Â $798Â $1,338Â $3Â $1,414Â $479Â $9Â $5,942Â Allowance for Credit Losses Ending Balance: individually evaluated for impairmentâ€"Â â€"Â â€"Â â€"Â 1Â 114Â â€"Â 115Â Loan Receivables Ending Balance:$76,361Â $169,596Â $181,488Â $4,131Â $163,579Â $15,722Â $â€"Â $610,877Â Ending Balance: collectively evaluated for impairment74,862Â 167,375Â 173,184Â 4,131Â 150,825Â 15,628Â â€"Â 586,005Â Ending Balance: individually evaluated for impairment1,499Â 2,221Â 8,304Â â€"Â 12,754Â 94Â â€"Â 24,872Â 15At MarchÂ 31, 2024$ in thousandsOne-to-four familyMultifamilyCommercial Real EstateConstructionBusinessConsumerUnallocatedTotalAllowance for Credit Losses Ending Balance:$2,005Â $720Â $1,222Â $1Â $1,415Â $450Â $58Â $5,871Â Allowance for Credit Losses Ending Balance: collectively evaluated for impairment2,005Â 720Â 1,222Â 1Â 1,408Â 449Â 58Â 5,863Â Allowance for Credit Losses Ending Balance: individually evaluated for impairmentâ€"Â â€"Â â€"Â â€"Â 7Â 1Â â€"Â 8Â Loan Receivables Ending Balance:$82,787Â $177,203Â $175,384Â $2,203Â $169,602Â $15,699Â $â€"Â $622,878Â Ending Balance: collectively evaluated for impairment78,636Â 174,718Â 170,862Â 2,203Â 156,340Â 15,654Â â€"Â 598,413Â Ending Balance: individually evaluated for impairment4,151Â 2,485Â 4,522Â â€"Â 13,262Â 45Â â€"Â 24,465Â Three months ended DecemberÂ 31, 2023$ in thousandsOne-to-fourfamilyMultifamilyCommercial Real EstateConstructionBusinessConsumer UnallocatedTotalAllowance for credit losses:Â Â Â Â Â Â Beginning Balance$2,264Â $721Â $1,212Â $â€"Â $1,393Â $417Â $â€"Â $6,007Â Charge-offsâ€"Â â€"Â â€"Â â€"Â (17)â€"Â (17)Recoveriesâ€"Â â€"Â â€"Â â€"Â 2Â 2Â â€"Â 4Â Provision for (recovery of) Credit Losses(196)1Â (1)1Â 57Â 41Â â€"Â (97)Ending Balance$2,068Â $722Â $1,211Â $1Â $1,452Â $443Â $â€"Â $5,897Â Nine months ended DecemberÂ 31, 2023$ in thousandsOne-to-four familyMultifamilyCommercial Real EstateConstructionBusinessConsumerUnallocatedTotalAllowance for credit losses:Beginning Balance$716Â $1,109Â $1,814Â $â€"Â $1,139Â $449Â $2Â $5,229Â Impact of CECL adoption1,220Â (392)(497)505Â (166)(2)668Â Charge-offsâ€"Â â€"Â â€"Â â€"Â (134)â€"Â (134)Recoveriesâ€"Â â€"Â â€"Â â€"Â 52Â 5Â â€"Â 57Â Provision for (recovery of) Credit Losses132Â 5Â (106)1Â (244)289Â â€"Â 77Â Ending Balance$2,068Â $722Â $1,211Â $1Â $1,452Â $443Â $â€"Â $5,897Â 16The following is a summary of nonaccrual loans, at amortized cost, at DecemberÂ 31, 2024 and MarchÂ 31, 2024.DecemberÂ 31, 2024$ in thousandsNonaccrual Loans with No AllowanceNonaccrual Loans with an AllowanceTotal Nonaccrual LoansGross loans receivable:Â One-to-four family$1,874Â $â€"Â $1,874Â Multifamily2,249Â â€"Â 2,249Â Commercial real estate6,104Â â€"Â 6,104Â Business12,486Â â€"Â 12,486Â Consumerâ€"Â 98Â 98Â Total nonaccrual loans$22,713Â $98Â $22,811Â MarchÂ 31, 2024$ in thousandsNonaccrual Loans with No AllowanceNonaccrual Loans with an AllowanceTotal Nonaccrual LoansGross loans receivable:One-to-four family$3,554Â $â€"Â $3,554Â Multifamily2,238Â â€"Â 2,238Â Commercial real estate4,522Â â€"Â 4,522Â Business1,317Â 100Â 1,417Â Consumerâ€"Â 44Â 44Â Total nonaccrual loans$11,631Â $144Â $11,775Â Â Â Â Â Nonaccrual loans generally consist of loans for which the accrual of interest has been discontinued as a result of such loans becoming 90 days or more delinquent as to principal and/or interest payments.Â Â Accrual of interest on loans is discontinued when the payment of principal or interest is considered to be in doubt, or when a loan becomes contractually past due by 90 days or more with respect to principal or interest, except for loans that are well-secured and in the process of collection. When a loan is placed on nonaccrual status, any accrued but uncollected interest is reversed from current income. Interest income on nonaccrual loans is recorded when received based upon the collectability of the loan. There was no interest income recognized on nonaccrual loans during the three and nine months ended DecemberÂ 31, 2024.Â Â Â Â At DecemberÂ 31, 2024 and MarchÂ 31, 2024, other non-performing assets totaled $52 thousand, respectively, which consisted of other real estate owned comprised of one foreclosedÂ residential property. Other real estate owned is included in other assets in the consolidated statements of financial condition. There were no held-for-sale loans at DecemberÂ 31, 2024 and MarchÂ 31, 2024. Â Â Â Â Although we believe that substantially all risk elements at DecemberÂ 31, 2024 have been disclosed, it is possible that for a variety of reasons, including economic conditions, certain borrowers may be unable to comply with the contractual repayment terms on certain real estate and commercial loans.The Bank utilizes an internal loan classification system as a means of reporting problem loans within its loan categories:Pass - Loans have demonstrated satisfactory asset quality, earning history, liquidity, and other adequate margins of creditor protection. These loans represent a moderate credit risk and some degree of financial stability, and are considered collectible in full. Special Mention - Loans have potential weaknesses that deserve management's close attention. If uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the Bank's credit position at some future date. Substandard - Loans are inadequately protected by the current sound net worth and paying capacity of the obligor or of the collateral pledged, if any. These loans have a well-defined weakness, or weaknesses, that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected. 17Doubtful - Loans have all the weaknesses inherent in those classified as Substandard, with the added characteristic that collection or liquidation in full, based on current facts, conditions and values, is highly questionable and improbable. Loss - Loans are considered uncollectible with insignificant value and are charged off immediately to the allowance for credit losses.One-to-four family residential loans and consumer loans are rated non-performing if they are delinquent in payments 90 or more days, or past maturity. All other one-to-four family residential loans and consumer loans are performing loans.18The following table presents the amortized cost of loans by year of origination and risk category by class of loans based on the most recent analysis performed in the current quarter as of DecemberÂ 31, 2024: $ in thousands202420232022202120202019 and earlierRevolving LoansTotalCredit Risk Profile by Internally Assigned Grade:Â MultifamilyPass$1,723Â $6,528Â $51,386Â $47,350Â $27,133Â $33,255Â $â€"Â $167,375Â Special Mentionâ€"Â â€"Â â€"Â â€"Â â€"Â â€"Â â€"Â â€"Â Substandardâ€"Â â€"Â â€"Â 1,467Â 754Â â€"Â â€"Â 2,221Â Doubtfulâ€"Â â€"Â â€"Â â€"Â â€"Â â€"Â â€"Â â€"Â Lossâ€"Â â€"Â â€"Â â€"Â â€"
Real EstatePass$12,948Â $28,898Â $30,848Â $23,405Â $16,592Â $59,841Â $â€"Â $172,532Â Special Mentionâ€"Â â€"Â â€"Â â€"Â 652Â â€"Â â€"Â 652Â Substandardâ€"Â â€"Â 3,782Â â€"Â 4,522Â â€"Â 8,304Â Doubtfulâ€"Â â€"Â â€"Â â€"Â â€"Â â€"Â â€"Â â€"Â Lossâ€"Â â€"Â â€"Â â€"Â â
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charge-offsâ€"Â â€"Â 160Â â€"Â â€"Â â€"Â 129Â â€"Â 289Â Credit Risk Profile Based on Payment Activity:One-to-four FamilyPerforming$â€"Â $21,314Â $3,779Â $13,277Â $1,400Â $35,092Â $â€"Â $74,862Â Non-Performingâ€"Â â€"Â â€"Â â€"Â â€"Â 1,499Â â€"Â 1,499Â Totalâ€"Â 21,314Â 3,779Â 13,277Â 1,400Â 36,591Â â€"Â 76,361Â ConsumerPerforming$4,981Â $9,202Â $382Â $â€"Â $1Â $1,062Â $â
Performing39Â 55Â â€"Â â€"Â â€"Â â€"Â â€"Â 94Â Total5,020Â 9,257Â 382Â â€"Â 1Â 1,062Â â€"Â 15,722Â Gross charge-offs48Â 186Â 5Â â€"Â 5Â 109Â â€"Â 353Â Total Loans (excluding gross charge-offs)$44,168Â $89,301Â $122,182Â $134,310Â $56,479Â $164,437Â $â€"Â $610,877Â 19Â Â Â Â At MarchÂ 31, 2024, the risk category by class of loans was as follows: $ in thousands202420232022202120202019 and earlierRevolving LoansTotalCredit Risk Profile by Internally Assigned Grade:MultifamilyPass$980Â $6,587Â $53,516Â $50,778Â $28,483Â $34,374Â â€"Â $174,718Â Special Mentionâ€"Â â€"Â â€"Â â€"Â â€"Â â€"Â â€"Â â€"Â Substandardâ€"Â â€"Â â€"Â 1,451Â 754Â 280Â â€"Â 2,485Â Doubtfulâ€"Â â€"Â â€"Â â€"Â â€"Â â€"Â â€"Â â€"Â Lossâ€"Â â€"Â â€"Â â€"Â â€
Real EstatePass$2,450Â $29,064Â $31,313Â $27,635Â $16,951Â $62,775Â â€"Â 170,188Â Special Mentionâ€"Â â€"Â â€"Â â€"Â 674Â â€"Â â€"Â 674Â Substandardâ€"Â â€"Â â€"Â â€"Â 4,522Â â€"Â â€"Â 4,522Â Doubtfulâ€"Â â€"Â â€"Â â€"Â â€"Â â€"Â â€"Â â€"Â Lossâ€"Â â€"Â â€"Â â€
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Mentionâ€”Â â€”Â â€”Â â€”Â â€”Â â€”Â â€”Â â€”Â Substandardâ€”Â â€”Â 7,939Â 3,987Â â€”Â 365Â â€”Â 12,291Â Doubtfulâ€”Â â€”Â â€”Â â€”Â â€”Â â€”Â â€”Â â€”Â Lossâ€”Â â€”Â â€”Â â€”Â
charge-offsâ€”Â â€”Â â€”Â â€”Â â€”Â 10Â â€”Â 10Â Credit Risk Profile Based on Payment Activity:One-to-four
FamilyPerforming$â€”Â $22,247Â $3,830Â $13,422Â $1,424Â $39,002Â $â€”Â 79,925Â Non-
Performingâ€”Â â€”Â â€”Â â€”Â â€”Â 2,862Â â€”Â 2,862Â Totalâ€”Â 22,247Â 3,830Â 13,422Â 1,424Â 41,864Â â€”Â 82,787Â ConsumerPerforming$2,003Â $â€”Â $11,891Â $â€”Â $570Â $â€”Â $
Performingâ€”Â 42Â 1Â â€”Â â€”Â â€”Â 43Â Total2,003Â 11,933Â 571Â 4Â 16Â 1,172Â â€”Â 15,699Â Gross charge-offsâ€”Â 18Â 1Â â€”Â â€”Â 141Â â€”Â 160Â Total Loans (excluding
gross charge-offs)$12,483Â $93,349Â $129,844Â $150,116Â $58,473Â $178,613Â $â€”Â $622,878Â 20Â Â Â Â Loans are considered past due if required principal and interest payments have
not been received as of the date such payments were contractually due. The following tables present an aging analysis of the amortized cost of past due loans receivables at DecemberÂ 31,
2024 and MarchÂ 31, 2024..DecemberÂ 31, 2024$ in thousands30-59 DaysPast Due60-89 DaysPast Due90 or More Days Past DueTotal PastDueCurrentTotal LoansReceivablesOne-to-four
family$222Â $â€”Â $1,313Â $1,535Â $74,826Â $76,361Â Multifamily1,457Â â€”Â 2,221Â 3,678Â 165,918Â 169,596Â Commercial real
estate3,520Â â€”Â 6,104Â 9,624Â 171,864Â 181,488Â Constructionâ€”Â â€”Â â€”Â â€”Â 4,131Â 4,131Â Business3,339Â â€”Â 12,213Â 15,552Â 148,027Â 163,579Â Consumer145Â 8Â 94Â 247Â
2024$ in thousands30-59 DaysPast Due60-89 DaysPast Due90 or More Days Past DueTotal PastDueCurrentTotal Loans ReceivablesOne-to-four
family$164Â $â€”Â $2,859Â $3,023Â $79,764Â $82,787Â Multifamilyâ€”Â â€”Â 2,205Â 2,205Â 174,998Â 177,203Â Commercial real
estateâ€”Â â€”Â 4,660Â 4,660Â 170,724Â 175,384Â Constructionâ€”Â â€”Â â€”Â 2,203Â 2,203Â Business1,959Â 214Â 12,071Â 14,244Â 155,358Â 169,602Â Consumer151Â 54Â â€”Â 205Â
dependent loans are loans for which the repayment is expected to be provided substantially through the operation or sale of the underlying collateral and the borrower is experiencing financial difficulty. All substandard and doubtful loans and any other loans that the Chief Credit Officer deems appropriate for review, are identified and reviewed for individual analysis. The following table presents the amortized cost of collateral dependent loans with the associated allowance amount, if applicable, as of DecemberÂ 31, 2024 and MarchÂ 31, 2024:At DecemberÂ 31, 2024At MarchÂ 31, 2024Collateral TypeCollateral Type$ in thousandsReal EstateOtherAllowance AllocatedReal EstateOtherAllowance AllocatedOne-to-four
family$1,499Â $â€”Â $â€”Â $4,151Â $â€”Â $â€”Â Multifamily2,221Â â€”Â â€”Â 2,485Â â€”Â â€”Â Commercial real
estate8,304Â â€”Â â€”Â 4,522Â â€”Â â€”Â Business12,615Â 139Â 1Â 12,196Â 1,066Â 7Â Consumerâ€”Â 94Â 114Â â€”Â 45Â 1Â $24,639Â $233Â $115Â $23,354Â $1,111Â $8Â Real estate collateral includes one-to-four family, multifamily and commercial properties. Collateral types securing business loans include accounts receivable. There have been no significant changes to the types of collateral securing the Bank's collateral dependent loans. In certain circumstances, the Bank will modify the terms of a loan, including extension of maturity date, reduction in the stated interest rate, rescheduling of future cash flows, reduction in the face amount of the debt or reduction of past accrued interest. Loans modified are placed on nonaccrual status until the Company determines that future collection of principal and interest is reasonably assured, which generally requires that the borrower demonstrate performance according to the restructured terms for a period of at least six months. There were no loan modifications to borrowers experiencing financial difficulty made during the nine months ended DecemberÂ 31, 2024 and 2023. At DecemberÂ 31, 2024, loans modified to borrowers experiencing financial difficulty totaled $6.0 million, $348 thousand of which were non-performing as they were either not consistently performing in accordance with their modified terms or not performing in accordance with their modified terms for at least six months. There were three modified loans totaling $5.7 million that were on accrual status as the Company has determined that future collection of the principal and interest is reasonably assured. These have generally performed according to the restructured terms for a period of at least six months. For the periods ended DecemberÂ 31, 2024 and 2023, there were no modified loans that defaulted within 12 months of modification. 21Transactions With Certain Related PersonsÂ Â Â Â Federal law requires that all loans or extensions of credit to executive officers and directors must be made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with the general public and must not involve more than the normal risk of repayment or present other unfavorable features. Furthermore, loans above the greater of $25,000, or 5% of Carver Federalâ€™s capital and surplus (up to $500,000), to Carver Federalâ€™s directors and executive officers must be approved in advance by a majority of the disinterested members of Carver Federalâ€™s Board of Directors. There were no loans outstanding to related parties at DecemberÂ 31, 2024. NOTE 8. COMMITMENTS AND CONTINGENCIESÂ Â Â Â The Company is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers and in connection with its overall investment strategy. These instruments involve, to varying degrees, elements of credit, interest rate and liquidity risk. These instruments are not recorded in the consolidated financial statements. Such instruments primarily include lending obligations, including commitments to originate mortgage and consumer loans and to fund unused lines of credit. The Bank's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit is represented by the contractual amount of those instruments. The Bank uses the same credit policies in making commitments as it does for on-balance-sheet instruments.The following table reflects the Bank's outstanding commitments as of DecemberÂ 31, 2024 and MarchÂ 31, 2024:$ in thousandsDecemberÂ 31, 2024MarchÂ 31, 2024Lines of credit$3,501Â 4,268Â Letters of credit412Â â€”Â Commitment to fund private equity investment835Â 650Â $4,748Â $4,918Â 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 payment of a fee. Since some of these commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation of the counterparty.The Company records an allowance for credit losses on off-balance sheet credit exposures, unless such commitments are unconditionally cancellable, through the provision for credit losses expense using CECL expected loss methodology. The allowance for credit losses on off-balance sheet credit exposures as of DecemberÂ 31, 2024 was $9 thousand and is included in Other Liabilities in the consolidated statements of financial condition. NOTE 9. FAIR VALUE MEASUREMENTSÂ Â Â Â Fair value is an â€œexitâ€ price, representing the amount that would be received when selling an asset, or paid when transferring a liability, in an orderly transaction between market participants. Fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. Fair value measurements are categorized in a a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:â€¢Level 1â€” Inputs to the valuation methodology are quoted prices (unadjusted)Â for identical assets or liabilities in active markets.â€¢Level 2â€” Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.22â—¦Level 3â€” Inputs to the valuation methodology are unobservable and significant to the fair value measurement.Â Â Â Â A financial instrumentâ€™s categorization within this valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.Â Â Â Â The following table presents, by valuation hierarchy, assets that are measured at fair value on a recurring basis as of DecemberÂ 31, 2024 and MarchÂ 31, 2024, and that are included in the Companyâ€™s Consolidated Statements of Financial Condition at these dates:Fair Value Measurements at DecemberÂ 31, 2024, Using$ in thousandsQuoted Prices in Active Markets for Identical Assets(Level 1)Significant OtherObservable Inputs(Level 2)SignificantUnobservable Inputs(Level 3)Total FairValueMortgage servicing rights$â€”Â $â€”Â $134Â $134Â Investment securitiesAvailable-for-sale:Mortgage-backed securities:Government National Mortgage Associationâ€”Â 215Â â€”Â 215Â Federal Home Loan Mortgage Corporationâ€”Â 14,732Â â€”Â 14,732Â Federal National Mortgage Associationâ€”Â 8,050Â â€”Â 8,050Â U.S. Government Agency securitiesâ€”Â 4,438Â â€”Â 4,438Â Corporate bondsâ€”Â 2,817Â â€”Â 2,817Â Muni securitiesâ€”Â 13,869Â â€”Â 13,869Â Total available-for-sale securitiesâ€”Â 44,121Â â€”Â 44,121Â Total assets$â€”Â $44,121Â $134Â $44,255Â Fair Value Measurements at MarchÂ 31, 2024, Using$ in thousandsQuoted Prices inActive Markets forIdentical Assets(Level 1)Significant OtherObservable Inputs(Level 2)SignificantUnobservableInputs(Level 3)Total FairValueMortgage servicing rights$â€”Â $â€”Â $140Â $140Â Investment securitiesAvailable-for-sale:Mortgage-backed securities:Government National Mortgage Associationâ€”Â 283Â â€”Â 283Â Federal Home Loan Mortgage Corporationâ€”Â 15,798Â â€”Â 15,798Â Federal National Mortgage Associationâ€”Â 8,636Â â€”Â 8,636Â U.S. Government Agency securitiesâ€”Â 6,194Â â€”Â 6,194Â Corporate bondsâ€”Â 3,063Â â€”Â 3,063Â Muni securitiesâ€”Â 14,056Â â€”Â 14,056Â Total available-for-sale securitiesâ€”Â 48,030Â â€”Â 48,030Â Total assets$â€”Â $48,030Â $140Â $48,170Â Â Â Â Â Instruments for which unobservable inputs are significant to their fair value measurement (i.e., Level 3) include mortgage servicing rights (â€œMSRâ€). Level 3 assets accounted for 0.02% of the Companyâ€™s total assets at DecemberÂ 31, 2024 and MarchÂ 31, 2024.Â Â Â Â The Company reviews and updates the fair value hierarchy classifications on a quarterly basis. Changes from one quarter to the next that are related to the observable inputs to a fair value measurement may result in a reclassification from one hierarchy level to another.Â Â Â Â Below is a description of the methods and significant assumptions utilized in estimating the fair value of available-for-sale securities and MSR:23Â Â Â Â Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Â Â Â Â If quoted market prices are not available for the specific security, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. These pricing models primarily use market-based or independently sourced market parameters as inputs, including, but not limited to, yield curves, interest rates, equity or debt prices, and credit spreads. In addition to market information, models also incorporate transaction details, such as maturity and cash flow assumptions. Securities valued in this manner would generally be classified within Level 2 of the valuation hierarchy and primarily include such instruments as mortgage-related securities and corporate debt.Â Â Â Â During the nine months ended DecemberÂ 31, 2024, there were no transfers of investments into or out of each level of the fair value hierarchy. Â Â Â Â In certain cases where there is limited activity or less transparency around inputs to the valuation, securities are classified within Level 3 of the valuation hierarchy. In valuing certain securities, the determination of fair value may require benchmarking to similar instruments or analyzing default and recovery rates. Quoted price information for the MSRs is not available. Therefore, MSRs are valued using market-standard models to model the specific cash flow structure. Key inputs to the model consist of principal balance of loans being serviced, servicing fees and discount and prepayment rates.Â Â Â Â The methods described above 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 its valuation methods are appropriate and consistent with those of 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 date.Â Â Â Â The following table includes a rollforward of assets classified by the Company within Level 3 of the valuation hierarchy for the nine months ended DecemberÂ 31, 2024 and 2023:$ in thousandsBeginning balance, April 1, 2024Total Realized/Unrealized Gains/(Losses) Recorded in Income (1)Issuances / (Settlements)Transfers to/(from) Level 3Ending balance,DecemberÂ 31, 2024Change in Unrealized Gains/(Losses) Related to Instruments Held at DecemberÂ 31, 2024Mortgage servicing rights$140Â (6)â€”Â â€”Â $134Â (5) in thousandsBeginning balance, April 1, 2023Total Realized/Unrealized Gains/(Losses) Recorded in Income (1)Issuances / (Settlements)Transfers to/(from) Level 3Ending balance, DecemberÂ 31, 2023Change in Unrealized Gains/(Losses) Related to Instruments Held at DecemberÂ 31, 2023Mortgage servicing rights$152Â (10)â€”Â â€”Â $142Â $(9)(1) Includes net servicing cash flows and the passage of time.Â Â Â Â For Level 3 assets measured at fair value on a recurring basis as of DecemberÂ 31, 2024 and MarchÂ 31, 2024, the significant unobservable inputs used in the fair value measurements were as follows: $ in thousandsFair Value DecemberÂ 31, 2024Valuation TechniqueSignificant Unobservable InputsSignificant Unobservable Input ValueMortgage servicing rights$134Â Discounted Cash FlowWeighted Average Constant Prepayment Rate (1)6.4Â %Range of Inputs3.0% to 11.0%Option Adjusted Spread ("OAS") applied to Treasury curve1000 basis points$ in thousandsFair ValueMarchÂ 31, 2024Valuation TechniqueSignificant Unobservable InputsSignificant Unobservable Input ValueMortgage servicing rights$140Â Discounted Cash FlowWeighted Average Constant Prepayment Rate (1)6.4Â %Range of Inputs3.0% to 7.1%Option Adjusted Spread ("OAS") applied to Treasury curve1000 basis points(1) Represents annualized loan repayment rate assumptions (ZMUPT model)24Â Â Â Â Certain assets are measured at fair value on a non-recurring basis. Such instruments are subject to fair value adjustments under certain circumstances (e.g. when there is evidence of impairment). The following table presents assets and liabilities that were measured at fair value on a non-recurring basis as of DecemberÂ 31, 2024 and MarchÂ 31, 2024, and that are included in the Companyâ€™s Consolidated Statements of Financial Condition at these dates:Fair Value Measurements at DecemberÂ 31, 2024 UsingQuoted Prices in Active Markets for Identical AssetsSignificant Other Observable InputsSignificant Unobservable InputsTotal Fair Value$ in thousands(Level 1)(Level 2)(Level 3)Other real estate ownedâ€”Â â€”Â 52Â $52Â Fair Value Measurements at MarchÂ 31, 2024, UsingQuoted Prices in Active Markets for Identical AssetsSignificant Other Observable InputsSignificant Unobservable InputsTotal Fair Value$ in thousands(Level 1)(Level 2)(Level 3)Other real estate ownedâ€”Â â€”Â 52Â $52Â Â Â Â Â For Level 3 assets measured at fair value on a non-recurring basis as of DecemberÂ 31, 2024 and MarchÂ 31, 2024, the significant unobservable inputs used in the fair value measurements were as follows:$ in thousandsFair Value DecemberÂ 31, 2024Valuation TechniqueSignificant Unobservable InputsSignificant Unobservable Input ValueOther real estate owned$52Â Appraisal of collateralAppraisal adjustments7.5% cost to sell$ in thousandsFair Value MarchÂ 31, 2024Valuation TechniqueSignificant Unobservable InputsSignificant Unobservable Input ValueOther real estate owned$52Â Appraisal of collateralAppraisal adjustments7.5% cost to sellÂ Â Â Â The fair values of collateral dependent impaired loans are determined using various valuation techniques, including consideration of appraised values and other pertinent real estate market data.Â Â Â Â Other real estate owned represents property acquired by the Bank in settlement of loans less costs to sell (i.e., through foreclosure, repossession or as an in-substance foreclosure).Â Â These assets are recorded at the lower of their cost or fair value. At the time of acquisition of the real estate owned, the real property value is adjusted to its current fair value. Any subsequent adjustments will be to the lower of cost or fair value. As of DecemberÂ 31, 2024 and MarchÂ 31, 2024, the Company had loans with a carrying value of $13.9 million and $15.2 million, respectively, for which formal foreclosure proceedings were in process.NOTE 10. FAIR VALUE OF FINANCIAL INSTRUMENTSÂ Â Â Â Disclosures regarding the fair value of financial instruments are required to include, in addition to the carrying value, the fair value of certain financial instruments, both assets and liabilities recorded on and off-balance sheet, for which it is practicable to estimate fair value. Accounting guidance defines financial instruments as cash, evidence of ownership of an entity, or a contract that conveys or imposes on an entity the contractual right or obligation to either receive or deliver cash or another financial instrument. The fair value of a financial instrument is discussed below. In cases where quoted market prices are not available, estimated fair values have been determined by the Bank using the best available data and estimation methodology suitable for each such category of financial instruments. For those loans and deposits with floating interest rates, it is presumed that estimated fair values generally approximate their recorded carrying value. The Bank's primary component of market risk is interest rate volatility. Fluctuations in interest rates will ultimately impact the Bank's fair value of all interest-earning assets and interest-bearing liabilities, other than those which are short-term in maturity. 25Â Â Â Â The carrying amounts and estimated fair values of the Bankâ€™s financial instruments and estimation methodologies at DecemberÂ 31, 2024 and MarchÂ 31, 2024 are as follows: DecemberÂ 31, 2024$ in thousandsCarryingAmountEstimatedFair ValueQuoted Prices in Active Markets for Identical Assets (Level 1)Significant Other Observable Inputs (Level 2)Significant Unobservable Inputs (Level 3)Financial Assets:Â Â Cash and cash equivalents$49,959Â $49,959Â $49,959Â $â€”Â $â€”Â Securities available-for-sale44,121Â 44,121Â â€”Â 44,121Â â€”Â Securities held-to-maturity1,807Â 1,735Â â€”Â 1,735Â â€”Â Loans receivable604,820Â 584,837Â â€”Â â€”Â 584,837Â Accrued interest receivable2,466Â 2,466Â â€”Â 2,466Â â€”Â Mortgage servicing rights134Â 134Â â€”Â â€”Â 134Â Financial Liabilities:Deposits$636,939Â $635,319Â $399,788Â $235,531Â $â€”Â Advances from FHLB-NY19,841Â 19,864Â â€”Â 19,864Â â€”Â Other borrowed money18,403Â 17,815Â â€”Â 17,815Â â€”Â Accrued interest payable986Â 986Â â€”Â 986Â â€”Â MarchÂ 31, 2024$ in thousandsCarryingAmountEstimatedFair ValueQuoted Prices in Active Markets for Identical Assets (Level 1)Significant Other Observable Inputs (Level 2)Significant Unobservable Inputs (Level 3)Financial Assets:Â Â Â Â Cash and cash equivalents$59,025Â $59,025Â $59,025Â $â€”Â $â€”Â Securities available-for-sale48,030Â 48,030Â â€”Â 48,030Â â€”Â Securities held-to-maturity2,008Â 1,905Â â€”Â 1,905Â â€”Â Loans receivable617,007Â 593,484Â â€”Â â€”Â 593,484Â Accrued interest receivable3,662Â 3,662Â â€”Â 3,662Â â€”Â Mortgage servicing rights140Â 140Â â€”Â â€”Â 140Â Financial Liabilities:Deposits$646,999Â $642,831Â $420,663Â $222,168Â $â€”Â Advances from FHLB-NY28,027Â 27,920Â â€”Â 27,920Â â€”Â Other borrowed money18,403Â 17,623Â â€”Â 17,623Â â€”Â Accrued interest payable1,128Â 1,128Â â€”Â 1,128Â â€”Â NOTE 11. NON-INTEREST REVENUE AND EXPENSEÂ Â Â Â ASC Topic 606, Revenue from Contracts with Customer ("Topic 606") does not apply to revenue associated with financial instruments, including revenue from loans and securities. In addition, certain non-interest income streams such as gains on sales of residential mortgage and SBA loans, income associated with servicing assets, and loan fees, including residential mortgage originations to be sold and

prepayment and late fees charged across all loan categories are not in scope of the guidance. Topic 606 is applicable to non-interest revenue streams, such as depository fees, service charges and commission revenues. The Company generally satisfies its performance obligations on contracts with customers as services are rendered, and the transaction prices are typically fixed and charged either on a periodic basis or based on activity. Because performance obligations are satisfied as services are rendered and the transaction prices are fixed, there is little judgment involved in applying Topic 606 that significantly affects the determination of the amount and timing of revenue from contracts with customers. Non-interest revenue streams in-scope of Topic 606 are discussed below.26Depository fees and chargesÂ Â Â Â Depository fees and charges primarily relate to service fees on deposit accounts and fees earned from debit cards and check cashing transactions. Service fees on deposit accounts consist of ATM fees, NSF fees, account maintenance charges and other deposit related fees. The fees are recognized as revenue over the period the related service is provided, or as incurred for transaction-based fees in accordance with the fee schedules for the Bank's deposit products and services. The payment for these services are received at the time the services are provided or when customer transactions take place. Loan fees and service chargesÂ Â Â Â Loan fees and service charges primarily relate to program management fees and fees earned in accordance with the Bank's standard lending fees (such as inspection and late charges). The payments are received when such services are provided and these standard lending fees are recognized as revenue over the period the related service is provided. Other non-interest incomeÂ Â Â Â Other non-interest income includes correspondent banking fees, revenue from the Bank's participation in JPMorgan Chase's Empowering Change program, and income associated with an advertising services agreement covering marketing and use of the Bank's office space with a third party. The payments are typically received monthly and the revenue is recognized over the period the related service is provided and collected in accordance with the agreements. Interchange incomeÂ Â Â Â Â Â Â Â The Company earns interchange fees from debit card holder transactions conducted through various payment networks. Interchange fees from cardholder transactions are recognized daily, concurrently with the transaction processing services provided by an outsource technology solution and are presented on a net basis.Â Â Â Â The following table presents non-interest income, segregated by revenue streams in-scope and out-of-scope of Topic 606, for the three and nine months ended DecemberÂ 31, 2024 and 2023: Three Months Ended December 31,Nine Months Ended December 31,$ in thousands2024202320242023Non-interest incomeIn-scope of Topic 606Depository fees and charges$644Â $543Â $1,726Â $1,678Â Loan fees and service charges203Â 97Â 220Â 270Â Other non-interest income106Â 91Â 295Â 236Â Non-interest income (in-scope of Topic 606)953Â 731Â 2,241Â 2,184Â Non-interest income (out-of-scope of Topic 606)34Â 1,804Â 35Â 2,569Â Total non-interest income$987Â $2,535Â $2,276Â $4,753Â 27Â Â Â Â The following table sets forth other non-interest income and expense totals exceeding 1% of the aggregate of total interest income and non-interest income for any of the periods presented: Three Months Ended December 31,Nine Months Ended December 31,$ in thousands2024202320242023Other non-interest income:Empowering Change program fees$98Â $84Â $270Â $211Â BOLI income59Â 338Â 138Â 420Â Other(32)68Â (10)84Â Total other non-interest income$125Â $490Â $398Â $715Â Other non-interest expense:Advertising$219Â $68Â $373Â $302Â Legal expense321Â $88Â 645Â 428Â Insurance and surety246Â 320Â 821Â 938Â Audit expense167Â 165Â 500Â 496Â Data lines / internet100Â 100Â 314Â 310Â Security services154Â 15Â 335Â 41Â Loan expense155Â 39Â 159Â 73Â Retail expenses262Â 285Â 719Â 855Â Operating charge-offs and other losses21Â 154Â 67Â 293Â Investor relations179Â â€"Â 179Â 39Â Director's fees105Â 135Â 315Â 346Â Other619Â 634Â 1,730Â 1,816Â Total other non-interest expense$2,548Â $2,003Â $6,157Â $5,937Â NOTE 12. LEASESÂ Â Â Â The Company applies ASC Topic 842, Leases ("ASC 842") to its leases. The Company has operating leases related to its administrative offices and seven retail branches. Two of the operating leases are for branch locations where the Company had entered into a sale and leaseback transaction. The gain had been calculated utilizing the profit on sale in excess of the present value of the minimum lease payments, and the profit on the sale was deferred from gain recognition to be amortized into income over the terms of the leases in accordance with ASC Topic 840, Leases ("ASC 840"). ASC 842 does not require previous sale and leaseback transactions accounted for under ASC 840 to be reassessed. As of DecemberÂ 31, 2024, operating right-of-use ("ROU") lease assets and related lease liabilities totaled $8.9 million and $9.5 million, respectively. As of MarchÂ 31, 2024, operating ROU lease assets and related lease liabilities totaled $9.8Â million and $10.6Â million, respectively. Â Â Â Â As the implicit rates of the Company's existing leases are not readily determinable, the incremental borrowing rate used in determining the lease liability obligation for each individual lease was the FHLB-NY fixed-rate advance rates based on the remaining lease terms as of April 1, 2019. Â Â Â Â As of DecemberÂ 31, 2024, the Company had $36 thousand and $37 thousand of ROU asset and lease liability, respectively, for finance leases related to equipment. The ROU asset is included in Premises and Equipment, net, and the lease liability is included in Advances from the FHLB-NY and Other Borrowed Money on the statements of financial condition.The following tables present information about the Company's leases and the related lease costs as of and for the three and nine months ended DecemberÂ 31, 2024:DecemberÂ 31, 2024March 31, 2024Weighted-average remaining lease termOperating leases3.8 years4.3 yearsFinance lease1.6 years2.6 yearsWeighted-average discount rateOperating leases3.34Â %3.05Â %Finance lease4.93Â %4.32Â %28Three Months Ended December 31,Nine Months EndedDecember 31,$ in thousands2024202320242023Operating lease expense$711Â $692Â $2,089Â $2,076Â Finance lease costAmortization of right-of-use asset11Â 16Â 36Â 81Â Interest on lease liability1Â 1Â 2Â 5Â Cash paid for amounts included in the measurement of lease liabilitiesOperating leases736Â 711Â 2,206Â 2,133Â Finance lease9Â 12Â 36Â 74Â Â Â Â Â Maturities of lease liabilities at DecemberÂ 31, 2024 are as follows:$ in thousandsOperating LeasesFinance LeasesYear ending March 31,2025$747Â $12Â 20262,915Â 26Â 20272,583Â â€"Â 20282,411Â â€"Â 20291,326Â â€"Â Thereafter214Â â€"Â Total lease payments10,196Â 38Â Interest(657)(1)Lease liability$9,539Â $37Â Item 2.Managementâ€™s Discussion and Analysis of Financial Condition and Results of OperationsForward-Looking StatementsÂ Â Â Â This Quarterly Report on Form 10-Q contains certain â€œforward-looking statementsâ€ within the meaning of the Private Securities Litigation Reform Act of 1995 which may be identified by the use of such words as â€œmay,â€ â€œbelieve,â€ â€œexpect,â€ â€œanticipate,â€ â€œshould,â€ â€œplan,â€ â€œestimate,â€ â€œpredict,â€ â€œcontinue,â€ and â€œpotentialâ€ or the negative of these terms or other comparable terminology. Examples of forward-looking statements include, but are not limited to, estimates with respect to the Company's financial condition, results of operations and business that are subject to various factors that could cause actual results to differ materially from these estimates. These factors include but are not limited to the following:â€¢changes in interest rates, which may reduce net interest margin and net interest income;â€¢monetary and fiscal policies of the U.S. government, including policies of the U.S. Treasury and the Board of Governors of the Federal Reserve System;â€¢the ability of the Company to obtain approval from the Federal Reserve Bank of Philadelphia (the "Federal Reserve Bank") to distribute interest payments owed to the holders of the Company's subordinated debt securities;â€¢the Company's ability to manage its profitability and costs;â€¢turnover in senior management or the Company's ability to attract and retain qualified personnel;â€¢the limitations imposed on the Company which require, among other things, written approval of the Federal Reserve Bank prior to the declaration or payment of dividends, any increase in debt by the Company, or the redemption of Company common stock, and the effect on operations resulting from such limitations;â€¢the impact of bank closings and the risks related to disruption in the banking industry and financial markets;â€¢the market price and trading volume of our shares of common stock has been and may continue to be volatile, and purchasers of our securities could incur substantial losses;29â€¢changes in the level of trends of delinquencies and write-offs and in our allowance and provision for credit losses;â€¢the results of examinations by our regulators, including the possibility that our regulators may, among other things, require us to increase our reserve for credit losses, write down assets, change our regulatory capital position, limit our ability to borrow funds or maintain or increase deposits;â€¢national and/or local changes in economic conditions, which could occur from numerous causes, including political changes, domestic and international policy changes, unrest, war and weather, inflation or deflation conditions in the real estate, securities markets or the banking industry, which could affect liquidity in the capital markets, the volume of loan originations, deposit flows, real estate values, the levels of non-interest income and the amount of credit losses;â€¢adverse changes in the financial industry and the securities, credit, national and local real estate markets (including real estate values);â€¢changes in our existing loan portfolio composition (including reduction in commercial real estate loan concentration) and credit quality or changes in credit loss requirements;â€¢legislative or regulatory changes that may adversely affect the Companyâ€™s business, including but not limited to new capital regulations, which could result in, among other things, increased deposit insurance premiums and assessments, capital requirements, regulatory fees and compliance costs, and the resources we have available to address such changes;â€¢changes in the level of government support of housing finance;â€¢changes to state rent control laws, which may impact the credit quality of multifamily housing loans;â€¢our ability to control costs and expenses;â€¢the impairment of our investment securities;â€¢risks related to a high concentration of loans to borrowers secured by property located in our market area;â€¢increases in competitive pressure among financial institutions or non-financial institutions;/â€¢unexpected outflows of uninsured deposits could require us to sell investment securities at a loss;â€¢changes in consumer spending, borrowing and savings habits;â€¢technological changes that may be more difficult to implement or more costly than anticipated;â€¢changes in deposit flows, loan demand, real estate values, borrowing facilities, capital markets and investment opportunities, which may adversely affect our business;â€¢changes in accounting standards, policies and practices, as may be adopted or established by the regulatory agencies or the Financial Accounting Standards Board could negatively impact the Company's financial results;â€¢litigation or regulatory actions, whether currently existing or commencing in the future, which may restrict our operations or strategic business plan;â€¢the impact of actions taken by activist shareholders and the costs and expenses associated with such actions;â€¢the ability to originate and purchase loans with attractive terms and acceptable credit quality; andâ€¢the ability to attract and retain key members of management, and to address staffing needs in response to product demand or to implement business initiatives. Â Â Â Â Because forward-looking statements are subject to numerous assumptions, risks and uncertainties, actual results or future events could differ possibly materially from those that the Company anticipated in its forward-looking statements. The 30forward-looking statements contained in this Quarterly Report on Form 10-Q are made as of the date of this Quarterly Report on Form 10-Q, and the Company assumes no obligation to, and expressly disclaims any obligation to, update these forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking statements or to update the reasons why actual results could differ from those projected in the forward-looking statements, except as legally required. OverviewÂ Â Â Â Carver Bancorp, Inc. is the holding company for Carver Federal Savings Bank, a federally chartered savings bank. The Company is headquartered in New York, New York. The Company conducts business as a unitary savings and loan holding company, and the principal business of the Company consists of the operation of Carver Federal. Carver Federal was founded in 1948 to serve African-American communities whose residents, businesses and institutions had limited access to mainstream financial services. The Bank remains headquartered in Harlem, and predominantly all of its seven branches are located in low- to moderate-income neighborhoods. Many of these historically underserved communities have experienced unprecedented growth and diversification of incomes, ethnicity and economic opportunity, after decades of public and private investment.Â Â Â Â Carver Federal is among the largest African-American operated banks in the United States. The Bank remains dedicated to expanding wealth-enhancing opportunities in the communities it serves by increasing access to capital and other financial services for consumers, businesses and non-profit organizations, including faith-based institutions. A measure of its progress in achieving this goal includes the Bank's sixth consecutive "Outstanding" rating, issued by the OCC following its most recent Community Reinvestment Act (â€œCRAâ€) examination in March 2022. The OCC found that 90% of Carver Federal's loans were made within our assessment area, and the Bank has demonstrated excellent responsiveness to its assessment area's needs through its community development lending, investing and service activities. The Bank had approximately $727.5 million in assets and 111 employees as of DecemberÂ 31, 2024.Â Â Â Â Carver Federal engages in a wide range of consumer and commercial banking services.Â Â The Bank provides deposit products, including demand, savings and time deposits for consumers, businesses, and governmental and quasi-governmental agencies in its local market area within New York City.Â Â In addition to deposit products, Carver Federal offers a number of other consumer and commercial banking products and services, including debit cards, online account opening and banking, online bill pay and telephone banking. Carver Federal also offers a suite of products and services for unbanked and underbanked consumers, branded as Carver Community Cash. This includes check cashing, wire transfers, bill payment, reloadable prepaid cards and money orders.Â Â Â Â Carver Federal offers loan products covering a variety of asset classes, including commercial and multifamily mortgages, and business loans.Â Â The Bank finances mortgage and loan products through deposits or borrowings.Â Â Funds not used to originate mortgages and loans are invested primarily in U.S. government agency securities and mortgage-backed securities.Â Â Â Â The Bank's primary market area for deposits consists of the areas served by its seven branches in the Brooklyn, Manhattan and Queens boroughs of New York City.Â Â The neighborhoods in which the Bank's branches are located have historically been low- to moderate-income areas. The Bank's primary lending market includes Kings, New York, Bronx and Queens Counties in New York City, and lower Westchester County, New York. Although the Bank's branches are primarily located in areas that were historically underserved by other financial institutions, the Bank faces significant competition for deposits and mortgage lending in its market areas. Management believes that this competition has become more intense as a result of increased examination emphasis by federal banking regulators on financial institutions' fulfillment of their responsibilities under the CRA and more recently due to the decline in demand for loans. Carver Federal's market area has a high density of financial institutions, many of which have greater financial resources, name recognition and market presence, and all of which are competitors to varying degrees. The Bank's competition for loans comes principally from commercial banks, savings institutions and mortgage banking companies. The Bank's most direct competition for deposits comes from commercial banks, savings institutions and credit unions. Competition for deposits also comes from money market mutual funds, corporate and government securities funds, and financial intermediaries such as brokerage firms and insurance companies. Many of the Bank's competitors have substantially greater resources and offer a wider array of financial services and products.Â Â This, combined with competitors' larger presence in the New York market, add to the challenges the Bank faces in expanding its current market share and growing its near-term profitability.Â Â Â Â Carver Federal's 75-year history in its market area, its community involvement and relationships, targeted products and services and personal service consistent with community banking, help the Bank compete with competitors that have entered its market.31The Company's subsidiary, Carver Statutory Trust I, is not consolidated with Carver Bancorp Inc. for financial reporting purposes in accordance with the FASB's ASC Topic 810 regarding the consolidation of variable interest entities. Carver Statutory Trust I was formed in 2003 for the purpose of issuing $13 million aggregate liquidation amount of floating rate Capital Securities due September 17, 2033 (â€œCapital Securitiesâ€) and $0.4 million of common securities (which are the only voting securities of Carver Statutory Trust I), which are 100% owned by Carver Bancorp Inc., and using the proceeds to acquire junior subordinated debentures issued by Carver Bancorp, Inc. Carver Bancorp, Inc. has fully and unconditionally guaranteed the Capital Securities along with all obligations of Carver Statutory Trust I under the trust agreement relating to the Capital Securities. The Company does not consolidate the accounts and related activity of Carver Statutory Trust I because it is not the primary beneficiary of the entity. At DecemberÂ 31, 2024, the Company's maximum exposure to the Trust is $13.4 million, which is the Company's liability to the Trust and includes the Company's investment in the Trust.Critical Accounting EstimatesÂ Â Â Â Note 2 to the Companyâ€™s audited Consolidated Financial Statements for the year ended MarchÂ 31, 2024 included in its Form 10-K for the year ended MarchÂ 31, 2024, as supplemented by this report, contains a summary of significant accounting estimates. The Company believes its policies with respect to the methodologies used to determine the allowance for credit losses is the most critical accounting estimate. This estimate involves a high degree of complexity, requiring management to make difficult and subjective judgments, which often require assumptions or estimates about highly uncertain matters. Changes in these judgments, assumptions or estimates could result in material differences in the Company's results of operations or financial condition. The following description of these policies should be read in conjunction with the corresponding section of the Companyâ€™s Form 10-K for the year ended MarchÂ 31, 2024.Allowance for Credit Losses ("ACL")Â Â Â Â The ACL reflects management's evaluation of the loans presenting identified loss potential, as well as the risk inherent in various components of the portfolio.Â There is significant judgment applied in estimating the ACL.Â These assumptions and estimates are susceptible to significant changes based on the current environment. Inflationary pressure has started to decrease, but rates remain high. The target interest rate range had been held steady at its highest point between 5.25% and 5.5% since July 2023, until the Federal Reserve lowered rates by 50 basis points in September 2024, decreasing the target range to 4.75% to 5% and began easing monetary policy for the first time in four years. The Federal Reserve approved two additional cuts in November and December, lowering the overnight borrowing rate to a range between 4.25% to 4.5%, but left interest rates unchanged at the January 2025 meeting. A high interest rate environment can negatively impact the Company if the higher debt service costs on adjustable-rate loans lead to borrowers' inability to pay contractual obligations. Further, any change in the size of the loan portfolio or any of its components could necessitate an increase in the ACL even though there may not be a decline in credit quality or an increase in potential problem loans. As such, there can never be assurance that the ACL accurately reflects the actual loss potential inherent in a loan portfolio. There have been no significant changes to the inputs and assumptions during the nine months ended DecemberÂ 31, 2024. The ACL is a valuation account that is deducted from the loan portfolio's amortized cost basis to present the net amount expected to be collected on the loans. Additions to the allowance are recognized through the provision for credit losses. Loan losses are charged off against the allowance when management believes a loan balance is deemed as uncollectible. Management continues its collection efforts on previously charged-off balances and applies recoveries as additions to the ACL. The measurement of expected credit losses is based on information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. The discounted cash flow ("DCF") methodology is used for substantially all pools, applied with a 4-quarter reasonable and supportable forecast period and the loss rate reverts back to the long-term historical loss average with a 12-quarter straight-line reversion period where the ACL reflects the difference between the amortized cost and the present value of the expected cash flows. Expected credit losses are measured on a collective pool basis when similar risk characteristics exist. Loans with similar risk characteristics are grouped into homogeneous segments, or pools, for allowance calculation. The Company's loan portfolio segments as of DecemberÂ 31, 2024 were as follows:â€¢One-to-four Family - Carver Federal purchases first mortgage loans secured by one-to-four family properties that serve as the primary residence of the owner and non-qualified mortgages for one-to-four family residential loans. The loans are underwritten in accordance with applicable secondary market underwriting guidelines and requirements for sale. These loans present a moderate level of risk due primarily to general economic conditions. â€¢Multifamily - Carver Federal originates and purchases recourse and non-recourse multifamily loans. The Bank generally requires a debt service coverage ratio at origination of at least 1.30x, and that the maximum loan-to-value 32("LTV") at origination not exceed 70% based on the appraised value of the mortgaged property. Multifamily property lending entails additional risks compared to one-to-four family lending. These loans are dependent on the successful operation of such buildings and can be significantly impacted by economic conditions, industry concentration, valuation of the underlying properties, lease terms, occupancy/vacancy rates, and changes in market demand for multifamily units. The Bank primarily considers the property's ability to generate net operating income sufficient to support the debt service, the financial resources, income level and managerial expertise of the borrower, the marketability of the property and the Bank's lending experience with the owner/guarantor.â€¢Commercial Real Estate ("CRE") - CRE lending consists predominantly of originating loans for the purpose of purchasing or refinancing office, mixed-use properties, retail and church buildings in the Bank's market area.Â Mixed-use loans are secured by properties that are intended for both commercial and residential use, but predominantly commercial, and are classified as CRE. The Bank primarily considers the ability of the net operating income generated by the real estate to support the debt service, the financial resources, income level and managerial expertise of the borrower, the marketability of the property and the Bank's lending experience with the owner/guarantor. The maximum LTV ratio on CRE loans at origination is generally 70% based on the latest appraised fair market value of the mortgaged property and the Bank generally requires a debt service coverage ratio at origination of at least 1.30x. The Bank also requires the assignment of rents of all tenants' leases in the mortgaged property and personal guarantees may be obtained for additional security from these borrowers. CRE loans generally present a higher level of risk than other types of loans due primarily to the effect of general economic conditions and the complexities involved in valuing the underlying collateral.â€¢Construction - Carver Federal historically originated or participated in construction loans for new construction and renovation of multifamily buildings, residential developments, community service facilities, churches, and affordable housing programs. The loans provide for disbursement in stages as construction is completed. Borrowers must satisfy all credit requirements that apply to the Bankâ€™s permanent mortgage loan financing for the mortgaged property. The Bank has additional criteria for construction loans, including an engineerâ€™s plan and periodic cost reviews on all construction budgets for loans. Construction loans present an increased level of risk from the effect of general economic conditions and uncertainties surrounding construction costs.â€¢Business - Carver Federal originates and purchases business and SBA loans primarily to businesses located in its primary market area and surrounding areas. Business loans are typically personally guaranteed by the owners and may also be secured by additional collateral, including real estate, equipment and inventory. Business loans are subject to increased risk from the effect of general economic conditions. SBA loans are guaranteed by the U.S. government based on the percentage of each individual program.â€¢Consumer (including Overdraft accounts) - The Consumer portfolio includes student loans to medical students enrolled in several medical schools, throughout the United States and the Caribbean, as well as unsecured consumer loans purchased from or originated through strategic partnerships with Bankers Healthcare Group, LLC and Upstart Holdings, Inc. Consumer loans are typically unsecured and more susceptible to declining economic conditions. Because expected loss predictions may not adequately project the level of losses inherent in a portfolio, the Bank reviews a number of qualitative factors to determine if reserves should be adjusted based upon any of those factors.Â As the risk ratings deteriorate, some of the qualitative factors tend to increase.Â A number of qualitative factors are considered including economic forecast uncertainty, credit quality trends, valuation trends, concentration risk, quality of loan review, changes in personnel, impact of rising rates, external factors and other considerations. Although the quantitative calculation includes a measurement of statistical economic conditions based on national averages, an additional analysis is performed at the qualitative level that applies specifically to the Company's geographic area and the banking industry that includes reasonable and supportable forecasts.Stock Repurchase ProgramÂ Â Â Â On AugustÂ 6, 2002, the Company announced a stock repurchase program to repurchase up to 15,442 shares of its outstanding common stock. As of DecemberÂ 31, 2024, 11,744 shares of its common stock have been repurchased in open market transactions at an average price of $235.80 per share (as adjusted for 1-for-15 reverse stock split that occurred on October 27, 2011). 33Liquidity and Capital ResourcesÂ Â Â Â Liquidity is a measure of the Bank's ability to generate adequate cash to meet its financial obligations.Â Â The principal cash requirements of a financial institution are to cover potential deposit outflows, fund increases in its loan and investment portfolios and ongoing operating expenses.Â Â The Bank's primary sources of funds are deposits, borrowed funds and principal and interest payments on loans, mortgage-backed securities and investment securities.Â Â While maturities and scheduled amortization of loans, mortgage-backed securities and investment securities are predictable sources of funds, deposit flows and loan and mortgage-backed securities prepayments are strongly influenced by changes in general interest rates, economic conditions and competition. Carver Federal monitors its liquidity utilizing guidelines that are contained in a policy developed by its management and approved by its Board of Directors.Â Â Carver Federal's several liquidity measurements are evaluated on a frequent basis.Â Â Â Â Â Management believes Carver Federalâ€™s short-term assets have sufficient liquidity to cover loan demand, potential fluctuations in deposit accounts and to meet other anticipated cash requirements, including interest payments on our subordinated debt securities. Additionally, Carver Federal has other sources of liquidity including the ability to borrow from the Federal Home Loan Bank of New York (â€œFHLB-NYâ€) utilizing unpledged mortgage-backed securities and certain mortgage loans, the sale of available-for-sale securities and the sale of certain mortgage loans. Net borrowings decreased $8.2 million, or 17.6%, to $38.3 million at DecemberÂ 31, 2024, compared to $46.5 million at MarchÂ 31, 2024. During the first quarter of the current fiscal year, the Bank secured a $1.8 million 12-month fixed-rate advance through the second round of the FHLB-NY 0% Development Advance (ZDA) Program, which provides members with subsidized funding in the form of interest rate credits to assist in originating or purchasing loans that meet an eligibility criteria. In addition, the Bank made a partial paydown of $10.0 million on a $25.0 million 2-year advance from the FHLB-NY during the second quarter. At DecemberÂ 31, 2024, the Bank had $19.8 million outstanding advances from the FHLB-NY. At DecemberÂ 31, 2024, based on available collateral held at the FHLB-NY, Carver Federal had the ability to borrow an additional $12.7 million on a secured basis, utilizing mortgage-related loans and securities as collateral. The Bank has the ability to pledge additional loans as collateral in order to borrow up to 30% of its total assets. The Company also had $13.4 million in subordinated debt securities and $5.0 million in low interest loans outstanding as of DecemberÂ 31, 2024.During the first quarter of the current fiscal year, the Company entered into an agreement with a third party, under which the third party provided the Company with a $25.0Â million revolving unsecured long-term, below-market-rate loan to support the Bank in financing initiatives that reduce greenhouse gas emissions and promote energy efficiency in building projects, fleet upgrades to electric vehicles, and electric vehicle charging station infrastructure. The loan facility will also support the working capital and asset-specific financing needs of Minority and Women-owned Business Enterprises working on green energy projects, weatherization, electrification, and green technology. As of DecemberÂ 31, 2024, the Company has not drawn on the facility. Â Â Â Â The Bank's most liquid assets are cash and short-term investments.Â Â The level of these assets is dependent on the Bank's operating, investing and financing activities during any given period. At DecemberÂ 31, 2024 and MarchÂ 31, 2024, assets qualifying for short-term liquidity, including cash and cash equivalents, totaled $50.0 million and $59.0 million, respectively.During fiscal year 2022, the Company entered into a sales agreement with an agent to sell, from time to time, our common stock having an aggregate offering price of up to $20.0 million, in an â€œat the market offering.â€ During fiscal year 2022, we sold an aggregate of 397,367 shares of our common stock pursuant to the terms of such sales agreement, for aggregate gross proceeds of approximately $3.1 million. Aggregate net proceeds received were approximately $3.0 million, after deducting expenses and commissions paid to the agent. There have been no subsequent offerings. The most significant potential liquidity challenge the Bank faces is variability in its cash flows as a result of mortgage refinance activity. When mortgage interest rates decline, customersâ€™ refinance activities tend to accelerate, causing the cash flow from both the mortgage loan portfolio and the mortgage-backed securities portfolio to accelerate. In contrast, when mortgage interest rates increase, refinance activities tend to slow, causing a reduction of liquidity. However, in a rising rate environment, customers generally tend to prefer fixed-rate mortgage loan products over variable rate products. Carver Federal is also at risk of deposit outflows due to a competitive interest rate environment. Â Â Â Â The Consolidated Statements of Cash Flows present the change in cash from operating, investing and financing activities. During the nine months ended DecemberÂ 31, 2024, total cash and cash equivalents decreased $9.0 million to $50.0 million at DecemberÂ 31, 2024, compared to $59.0 million at MarchÂ 31, 2024, reflecting cash used in operating activities of $6.4 million and cash used in financing activities of $18.1 million, partially offset by cash provided by investing activities of $15.4 million. Net cash used in financing activities of $18.1 million resulted from a net decrease in deposits of $10.1 million and a decrease of $8.3 million in long-term borrowings. The Bank secured a $1.8 million 12-month fixed-rate advance through the 34second round of the FHLB-NY 0% Development Advance (ZDA) Program, and made a partial paydown of $10.0 million on a $25.0 million 2-year advance from the FHLB-NY. In addition, the Company issued common shares in private placements during the current quarter for gross proceeds of $0.2 million. Net cash provided by investing activities of $15.4 million was attributable to investment paydowns and loan repayments and payoffs, net of purchases and originations. Â Â Â Â Capital adequacy is one of the most important factors used to determine the safety and soundness of individual banks and the banking system. In common with all U.S. banks, Carver Federalâ€™s capital adequacy is measured in accordance with the Basel III regulatory framework governing capital adequacy, stress testing, and market liquidity risk. Carver Federal, as a result of the Formal Agreement, was issued an Individual Minimum Capital Ratio (â€œIMCRâ€) letter by the OCC, which requires the Bank to maintain minimum regulatory capital levels of 9% for its Tier 1 leverage ratio and 12% for its total risk-based capital ratio. The Formal Agreement was terminated on January 18, 2023. The IMCR remains in effect. Â Â Â Â Effective January 1, 2020, the federal banking agencies adopted a rule to establish for institutions with assets of less than $10 billion that meet other specified criteria a â€œcommunity bank leverage ratioâ€ (the ratio of a bankâ€™s tangible equity capital to average total consolidated assets) of 9% that such institutions may elect to utilize in lieu of the generally applicable leverage and risk-based capital requirements noted above. A â€œqualifying community bankâ€ with capital exceeding 9% will be considered compliant with all applicable regulatory capital and leverage requirements, including the requirement to be â€œwell capitalized.â€ For the current period, the Bank has elected to continue to utilize the generally applicable leverage and risk-based requirements and not apply the community bank leverage ratio.Â Â Â Â The table below presents the capital position of the Bank at DecemberÂ 31, 2024:DecemberÂ 31, 2024($ in thousands)AmountRatioTier 1 leverage capitalRegulatory capital$67,209Â 9.03Â %Individual minimum capital requirement66,995Â 9.00Â %Minimum capital requirement29,776Â 4.00Â %Excess over individual minimum capital requirement214Â 0.03Â %Common equity Tier 1Regulatory capital$67,209Â 11.13Â %Minimum capital requirement42,288Â 7.00Â %Excess24,921Â 4.13Â %Tier 1 risk-based capitalRegulatory capital$67,209Â 11.13Â %Minimum capital requirement51,350Â 8.50Â %Excess15,859Â 2.63Â %Total risk-based capitalRegulatory capital$73,356Â 12.14Â %Individual minimum capital requirement72,494Â 12.00Â %Minimum capital requirement63,432Â 10.50Â %Excess over individual minimum capital requirement862Â 0.14Â %Bank Regulatory MattersOn May 24, 2016, the Bank entered into a Formal Agreement ("the Agreement") with the OCC to undertake certain compliance-related and other actions. As a result of the Agreement, Carver was issued an IMCR letter by the OCC, which requires the Bank to maintain minimum regulatory capital levels of 9% for its Tier1 leverage ratio and 12% for its total risk-based capital ratio. The Bank was released from the Agreement on January 18, 2023. The IMCR remains in effect. At DecemberÂ 31, 2024, the Bank's capital level exceeded the regulatory requirements and its IMCR requirements with a Tier 1 leverage capital ratio of 9.03%, Common Equity Tier 1 capital ratio of 11.13%, Tier 1 risk-based capital ratio of 11.13%, and a total risk-based capital ratio of 12.14%. The Company continues to be subject to similar requirements that the Bank was subject to under the Agreement. The Company must provide notice to the FRB prior to effecting any change in its directors or senior executive officers. The Company is also subject to the restrictions on golden parachute and indemnification payments, as set forth in 12 C.F.R. Part 35359. Written approval of the Federal Reserve Bank is required prior to: (1) the declaration or payment of dividends by the Company to its stockholders, (2) the declaration or payment of dividends by the Bank to the Company, (3) any distributions of interest or principal by the Company on subordinated debentures or trust preferred securities, (4) any purchases or redemptions of the Companyâ€™s stock and (5) the Company incurring, increasing or guaranteeing certain long-term debt outside the ordinary course of business. These limitations could affect our operations and financial performance.Mortgage Representation and Warranty LiabilitiesÂ Â Â Â During the period 2004 through 2009, the Bank originated 1-4 family residential mortgage loans and sold the loans to the Federal National Mortgage Association (â€œFNMAâ€). The loans were sold to FNMA with the standard representations and warranties for loans sold to the Government Sponsored Entities ("GSEs").Â The Bank may be required to repurchase these loans in the event of breaches of these representations and warranties. In the event of a repurchase, the Bank is typically required to pay the unpaid principal balance as well as outstanding interest and fees. The Bank then recovers the loan or, if the loan has been foreclosed, the underlying collateral. The Bank is exposed to any losses on repurchased loans after giving effect to any recoveries on the collateral. The Bank has not received a request to repurchase any of these loans since the second quarter of fiscal 2015, and there have not been any additional requests from FNMA for loans to be reviewed. At DecemberÂ 31, 2024, the Bank continues to service 71 loans with a principal balance of $10.7 million for FNMA that had been sold with standard representations and warranties. The following table presents information on open requests from FNMA. The amounts presented are based on outstanding loan principal balances.$ in thousandsLoans sold to FNMAOpen claims as of MarchÂ 31, 2024 (1)$1,367Â Gross new demands receivedâ€"Â Loans repurchased/made wholeâ€"Â Demands rescindedâ€"Â Advances on open claimsâ€"Â Principal payments received on open claims(12)Open claims as of DecemberÂ 31, 2024 (1)$1,355Â (1) The open claims include all open requests received by the Bank where either FNMA has requested loan files for review, where FNMA has not formally rescinded the repurchase request or where the Bank has not agreed to repurchase the loan. The amounts reflected in this table are the unpaid principal balance and do not incorporate any losses the Bank would incur upon the repurchase of these loans.Â Â Â Â Management has established a representation and warranty reserve for losses associated with the repurchase of mortgage loans sold by the Bank to FNMA that we consider to be both probable and reasonably estimable. These reserves are reported in the consolidated statement of financial condition as a component of other liabilities. The table below summarizes changes in our representation and warranty reserves during the nine months ended DecemberÂ 31, 2024: $ in thousandsDecemberÂ 31, 2024Representation and warranty repurchase reserve, MarchÂ 31, 2024 (1)$86Â Net adjustment to reserve for repurchase losses (2)(5)Representation and warranty repurchase reserve, DecemberÂ 31, 2024 (1)$81Â (1) Reported in our consolidated statements of financial condition as a component of other liabilities.(2) Component of other non-interest expense.36Comparison of Financial Condition at DecemberÂ 31, 2024 and MarchÂ 31, 2024 AssetsÂ Â Â Â At DecemberÂ 31, 2024, total assets were $727.5 million, reflecting a decrease of $29.3 million, or 3.9%, from total assets of $756.8 million at MarchÂ 31, 2024. The decrease was primarily attributable to decreases of $9.0 million in cash and cash equivalents, and $4.1 million and $12.2 million in the Bank's net investment and loan portfolios, respectively. Â Â Â Â Total cash and cash equivalents decreased $9.0 million, or 15.3%, from $59.0 million at MarchÂ 31, 2024 to $50.0 million at DecemberÂ 31, 2024. The decrease in cash was primarily due to decreases of $10.1 million in total deposits and $8.2 million in advances from the FHLB-NY and other borrowed money. This was partially offset by paydowns received on investment securities and net loan activity. Â Â Â Â Total investment securities decreased $4.1 million, or 8.2%, to $45.9 million at DecemberÂ 31, 2024, compared to $50.0 million at MarchÂ 31, 2024 due to scheduled principal payments received of approximately $3.7 million and a $0.3 million increase in unrealized losses in the available-for-sale portfolio. Â Â Â Â Gross portfolio loans decreased $12.0 million, or 1.9%, to $610.9 million at DecemberÂ 31, 2024, compared to $622.9 million at MarchÂ 31, 2024, primarily due to attrition and payoffs of $48.9 million. The level of payoffs and paydowns can be attributed to commercial real estate activity, as some borrowers continue to seek opportunities to reduce interest expense in the current rate environment. These were partially offset by new loan originations of $33.8 million and loan pool purchases of $3.8 million. Liabilities and EquityÂ Â Â Â Total liabilities decreased $19.2 million, or 2.7%, to $695.3 million at DecemberÂ 31, 2024, compared to $714.5 million at MarchÂ 31, 2024, due to decreases of $10.1 million in total deposits and $8.2 million in advances from the FHLB-NY and other borrowed money. Â Â Â Â Deposits decreased $10.1 million, or 1.6%, to $636.9 million at DecemberÂ 31, 2024, compared to $647.0 million at MarchÂ 31, 2024. An increase of $12.5 million in certificate of deposit accounts was offset by decreases in money market, savings, non-interest bearing checking accounts, and interest-bearing business checking accounts of $7.3 million, $6.1 million, $4.7 million and $2.8 million, respectively. The increase in time deposits was comprised of increases of $7.9 million in institutional deposits in CDARS accounts and $4.6 million in retail deposit accounts.Â Â Â Â Advances from the FHLB-NY and other borrowed money decreased $8.2 million, or 17.6%, to $38.3 million at DecemberÂ 31, 2024, compared to $46.5 million at MarchÂ 31, 2024. During the first quarter of the current fiscal year, the Bank secured a $1.8 million 12-month fixed-rate advance through the second round of the FHLB-NY 0% Development Advance (ZDA) Program, which provides members with subsidized funding in the form of interest rate credits to assist in originating or purchasing loans that meet an eligibility criteria. In addition, the Bank made a partial paydown of $10.0 million on a $25.0 million 2-year advance from the FHLB-NY during the second quarter. At DecemberÂ 31, 2024, the Bank had $19.8 million outstanding advances from the FHLB-NY. Â Â Â Â Total equity decreased $10.0 million, or 23.6%, to $32.3 million at DecemberÂ 31, 2024, compared to $42.3 million at MarchÂ 31, 2024. The decrease was due to a net loss of $10.0 million coupled with an increase of $0.3 million in unrealized losses on securities available-for-sale for the nine month period ended DecemberÂ 31, 2024. These decreases were partially offset by a $0.2 million increase in capital as a result of the issuance of common shares in private placements during the current quarter. Asset/Liability ManagementÂ Â Â Â The Company's primary earnings source is net interest income, which is affected by changes in the level of interest rates, the relationship between the rates on interest-earning assets and interest-bearing liabilities, the impact of interest rate fluctuations on asset prepayments, the level and composition of deposits and assets, and the credit quality of earning assets.Â Â Management's asset/liability objectives are to maintain a strong, stable net interest margin, to utilize the Company's capital effectively without taking undue risks, to maintain adequate liquidity and to manage its exposure to changes in interest rates.37Â Â Â Â The economic environment is uncertain regarding long-term interest rate trends.Â Â Management monitors the Company's cumulative gap position, which is the difference between the sensitivity to rate changes on the Company's interest-earning assets and interest-bearing liabilities.Â Â In addition, the Company uses various tools to monitor and manage interest rate risk, such as a model that projects net interest income based on increasing or decreasing interest rates.Off-Balance Sheet ArrangementsÂ Â Â Â 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 and in connection with its overall investment strategy. These instruments involve, to varying degrees, elements of credit, interest rate and liquidity risk. In accordance with GAAP, these instruments are not recorded in the consolidated financial statements. Such instruments primarily include lending obligations, including commitments to originate mortgage and consumer loans and to fund unused lines of credit. At DecemberÂ 31, 2024, the Company had $3.9 million in outstanding commitments to extend credit and standby letters of credit. Such financial instruments are recorded in the consolidated statements of condition when they are funded. The Company records an allowance for credit losses on off-balance sheet credit exposures, unless such commitments are unconditionally cancellable, through the provision for credit losses expense. The allowance for credit losses on off-balance sheet credit exposures as of DecemberÂ 31, 2024 was $9 thousand and is included in Other Liabilities in the consolidated statements of financial condition. Comparison of Operating Results for the Three and Nine Months Ended DecemberÂ 31, 2024 and 2023 OverviewÂ Â Â Â The Company reported a net loss of $5.6 million for the three months ended DecemberÂ 31, 2024, compared to net income of $19 thousand for the comparable prior year quarter. The change in our results was due to increases in interest expense, non-interest expense and provision for credit losses, and decreases in interest and non-interest income compared to the prior year quarter. For the nine months ended DecemberÂ 31, 2024, the Company reported a net loss of $10.0 million, compared to a net loss of $3.0 million for the prior year period. The increase in net loss was primarily driven by increases in interest expense, non-interest expense and provision for credit losses and a decrease in non-interest income, partially offset by an increase in interest income compared to the prior year period. Â Â Â Â The following table reflects selected operating ratios for the three and nine months ended DecemberÂ 31, 2024 and 2023 (unaudited):Three Months Ended December 31,Nine Months EndedDecember 31,Selected Financial Data:2024202320242023Return on average assets (1)(3.05)%0.01Â %(1.78)%(0.55)%Return on average stockholders' equity (2)(58.55)%0.19Â %(33.08)%(9.41)%Return on average stockholders' equity, excluding AOCI (2) (8)(44.98)%0.14Â %(25.28)%(7.12)%Net interest margin (3)1.63Â %3.03Â %2.64Â %3.08Â %Interest rate spread (4)1.14Â %2.60Â %2.14Â %2.66Â %Efficiency ratio (5) 240.84Â %100.97Â %154.73Â %113.77Â %Operating expenses to average assets (6)5.12Â %4.38Â %4.62Â %4.40Â %Average stockholders' equity to average assets (7)5.20Â %5.39Â %5.38Â %5.81Â %Average stockholders' equity, excluding AOCI, to average assets (7) (8)6.77Â %7.46Â %7.04Â %7.68Â %Average interest-earning assets to average interest-bearing liabilities1.24x1.27x1.25x1.28x(1) Net income (loss), annualized, divided by average total assets.(2) Net income (loss), annualized, divided by average total stockholders' equity.(3) Net interest income, annualized, divided by average interest-earning assets.(4) Combined weighted average interest rate earned less combined weighted average interest rate cost.(5) Operating expense divided by sum of net interest income and non-interest income.(6) Non-interest expense, annualized, divided by average total assets.(7) Total average stockholders' equity divided by total average assets for the period.(8) See Non-GAAP Financial Measures disclosure for comparable GAAP measures.38Non-GAAP Financial MeasuresÂ Â Â Â In addition to evaluating the Company's results of operations in accordance with U.S. generally accepted accounting principles (â€œGAAPâ€), management routinely supplements their evaluation with an analysis of certain non-GAAP financial measures, such as the return on average stockholders' equity excluding average accumulated other comprehensive income (loss) ("AOCI"), and average stockholders' equity excluding AOCI to average assets. Management believes these non-GAAP financial measures provide information that is useful to investors in understanding the Company's underlying operating performance and trends, and facilitates comparisons with the performance of other banks and thrifts. Â Â Â Â Return on average stockholders' equity, excluding AOCI measures how efficiently we generate profits from the resources provided by our net assets. Return on average stockholders' equity, excluding AOCI is calculated by dividing annualized net income (loss) attributable to Carver by average stockholders' equity, excluding AOCI. Management believes that this performance measure and average stockholders' equity, excluding AOCI to average assets explains the results of the Company's ongoing businesses in a manner that allows for a better understanding of the underlying trends in the Company's current businesses. For purposes of the Company's presentation, AOCI includes the changes in the market or fair value of its investment portfolio. These fluctuations have been excluded due to the unpredictable nature of this item and is not necessarily indicative of current operating or future performance. Three Months Ended December 31,Nine Months Ended December 31,$ in thousands2024202320242023Average Stockholders' Equity $38,589Â $39,883Â $40,193Â $42,326Â Average AOCI(11,643)(15,232)(12,409)(13,657)Average Stockholders' Equity, excluding AOCI$50,232Â $55,115Â $52,602Â $55,983Â Return on Average Stockholders' Equity(58.55)%0.19Â %(33.08)%(9.41)%Return on Average Stockholders' Equity, excluding AOCI(44.98)%0.14Â %(25.28)%(7.12)%Average Stockholders' Equity to Average Assets5.20Â %5.39Â %5.38Â %5.81Â %Average Stockholders' Equity, excluding AOCI, to Average Assets6.77Â %7.46Â %7.04Â %7.68Â %Analysis of Net Interest IncomeÂ Â Â Â The Companyâ€™s profitability is primarily dependent upon net interest income and is also affected by the provision for credit losses, non-interest income, non-interest expense and income taxes. Net interest income represents the difference between income on interest-earning assets and expense on interest-bearing liabilities. Net interest income depends primarily upon the volume of interest-earning assets and interest-bearing liabilities and the corresponding interest rates earned and paid. The Companyâ€™s net interest income is significantly impacted by changes in interest rate and market yield curves. Net interest income decreased $2.5 million, or 45.5%, to $3.0 million for the three months ended DecemberÂ 31, 2024, compared to $5.5 million for the same quarter last year. Net interest income decreased $1.9 million, or 11.6%, to $14.5 million for the nine months ended DecemberÂ 31, 2024, compared to $16.4 million for the prior year period. Interest income on loans was lower compared to the prior periods primarily due to the reversal of interest accrued on loans placed on nonaccrual status during the current quarter. Â Â Â Â The following table sets forth certain information relating to the Companyâ€™s average interest-earning assets and average interest-bearing liabilities, and their related average yields and costs for the three and nine months ended DecemberÂ 31, 2024 and 2023. Average yields are derived by dividing annualized income or expense by the average balances of assets or liabilities, respectively, for the periods shown. Average balances are derived from daily or month-end balances as available and applicable. Management does not believe that the use of average monthly balances instead of average daily balances represents a material difference in information presented. The average balance of loans includes loans on which the Company has discontinued accruing interest. The yield includes fees, which are considered adjustment to yield. 39For the Three Months Ended December 31,20242023$ in thousandsAverageBalanceInterestAverageYield/CostAverageBalanceInterestAverageYield/CostInterest-Earning Assets:Loans(1)$615,081Â $5,829Â 3.79Â %$612,243Â $7,336Â 4.79Â %Mortgage-backed securities25,384Â 132Â 2.08Â %26,919Â 145Â 2.15Â %Investment securities(2)31,031Â 243Â 3.13Â %32,229Â 289Â 3.59Â %Money market investments52,835Â 641Â 4.81Â %51,107Â 704Â 5.47Â %Total interest-earning assets724,331Â 6,845Â 3.78Â %722,498Â 8,474Â 4.69Â %Non-interest-earning assets17,540Â 16,801Â Total assets$741,871Â $739,299Â Interest-Bearing Liabilities:DepositsInterest-bearing checking$43,569Â $19Â 0.17Â %$48,269Â $33Â 0.27Â %Savings and clubs108,261Â 176Â 0.64Â %109,929Â 85Â 0.31Â %Money market153,905Â 780Â 2.01Â %159,709Â 594Â 1.48Â %Certificates of deposit237,504Â 2,433Â 4.06Â %199,609Â 1,673Â 3.33Â %Mortgagors deposits2,123Â 8Â 1.50Â %2,890Â 2Â 0.27Â %Total deposits545,362Â 3,416Â 2.49Â %520,406Â 2,387Â 1.82Â %Borrowed money38,289Â 474Â 4.91Â %46,821Â 606Â 5.13Â %Total interest-bearing liabilities583,651Â 3,890Â 2.64Â %567,227Â 2,993Â 2.09Â %Non-interest-bearing liabilitiesDemand deposits99,905Â 107,088Â Other liabilities19,726Â 25,101Â Total liabilities703,282Â 699,416Â Stockholders' equity38,589Â 39,883Â Total liabilities and equity$741,871Â $739,299Â Net interest income$2,955Â $5,481Â Average interest rate spread1.14Â %2.60Â %Net interest margin1.63Â %3.03Â %(1) Includes nonaccrual loans(2) Includes FHLB-NY stock40For the Nine Months Ended December 31,20242023$ in thousandsAverageBalanceInterestAverageYield/CostAverageBalanceInterestAverageYield/CostInterest-Earning Assets:Loans(1)$620,297Â $22,607Â 4.86Â %$603,633Â $21,203Â 4.68Â %Mortgage-backed securities26,006Â 405Â 2.08Â %27,930Â 439Â 2.10Â %Investment securities(2)31,835Â 823Â 3.45Â %33,334Â 835Â 3.34Â %Restricted cash deposit102Â â€"Â â€"Â %â€"Â â€"Â â€"Â %Money market investments51,486Â 2,043Â 5.27Â %44,941Â 1,801Â 5.32Â %Total interest-earning assets729,726Â 25,878Â 4.73Â %709,838Â 24,278Â 4.56Â %Non-interest-earning assets17,021Â 18,789Â Total assets$746,747Â $728,627Â Interest-Bearing Liabilities:DepositsInterest-bearing checking$44,475Â $41Â 0.12Â %$50,211Â $51Â 0.13Â %Savings and clubs110,411Â 484Â 0.58Â %110,850Â 195Â 0.23Â %Money market155,476Â 2,335Â 1.99Â %154,405Â 1,631Â 1.40Â %Certificates of deposit227,257Â 6,883Â 4.02Â %189,453Â 4,229Â 2.96Â %Mortgagors deposits2,278Â 17Â 0.99Â %2,967Â 6Â 0.27Â %Total deposits539,897Â 9,760Â 2.40Â %507,886Â 6,112Â 1.60Â %Borrowed money44,553Â 1,664Â 4.96Â %44,994Â 1,784Â 5.26Â %Total interest-bearing liabilities584,450Â 11,424Â 2.59Â %552,880Â 7,896Â 1.90Â %Non-interest-bearing liabilitiesDemand deposits102,389Â 108,228Â Other liabilities19,715Â 25,193Â Total liabilities706,554Â 686,301Â Stockholders' equity40,193Â 42,326Â Total liabilities and equity$746,747Â $728,627Â Net interest income$14,454Â $16,382Â Average interest rate spread2.14Â %2.66Â %Net interest margin2.64Â %3.08Â %(1) Includes nonaccrual loans(2) Includes FHLB-NY stockInterest IncomeÂ Â Â Â Interest income decreased $1.7 million, or 20.0%, to $6.8 million for the three months ended DecemberÂ 31, 2024, compared to $8.5 million for the prior year quarter. Interest income on loans decreased $1.5 million for the three months ended DecemberÂ 31, 2024 primarily due to the reversal of interest accrued on loans placed on nonaccrual status during the current quarter. For the nine months ended DecemberÂ 31, 2024, interest income increased $1.6 million, or 6.6%, to $25.9 million, compared to $24.3 million for the prior year period. Interest income on loans increased $1.4 million for the nine months ended DecemberÂ 31, 2024, due to an increase in the average yield on the portfolio of 18 basis points, coupled with a $16.7 million, or 2.8%, increase in average loan balances compared to the prior period. Interest income on money market investments increased $0.2 million for the nine months ended DecemberÂ 31, 2024 due to a $6.5 million increase in the average balance on deposit in the Bank's interest-bearing account at the Federal Reserve Bank. The reversal of interest income on loans placed on nonaccrual status severely impacted the net interest margin, reducing it to 1.63% and 2.64% for the three and nine month periods, respectively. Interest ExpenseÂ Â Â Â Interest expense increased $0.9 million, or 30.0% to $3.9 million for the three months ended DecemberÂ 31, 2024, compared to $3.0 million for the prior year quarter. For the nine months ended DecemberÂ 31, 2024, interest expense increased 41$3.5 million, or 44.3% to $11.4 million, compared to $7.9 million for the prior year period. The higher interest rate environment is reflected in the average cost of interest-bearing deposits for the current period. Interest expense on deposits increased $1.0 million and $3.7 million, respectively, for the three and nine months ended DecemberÂ 31, 2024, primarily due to increases in the average balances of $37.9 million and $37.8 million, respectively, and average rates of 73 and 106 basis points, respectively of higher-cost certificate of deposits. The average rates paid on savings and money market accounts also increased for the three and six months ended DecemberÂ 31, 2024, compared to the prior year periods, as the Bank offered promotional rates during the current period in an attempt to attract and retain deposits. Provision for Credit Losses and Asset QualityÂ Â Â Â The Bank maintains an ACL that management believes is adequate to absorb inherent and expected credit losses in its loan portfolio. The adequacy of the ACL is determined by managementâ€™s continuous review of the Bankâ€™s loan portfolio, including the identification and review of individual problem situations that may affect a borrowerâ€™s ability to repay. The ACL reflects managementâ€™s estimate of lifetime credit losses inherent in the loan portfolio. Any change in the size of the loan portfolio or any of its components could necessitate an increase in the ACL even though there may not be a decline in credit quality or an increase in potential problem loans. Loans made under the PPP are fully guaranteed by the SBA; therefore, these loans do not have an associated allowance.The following table summarizes the activity in the ACL for the nine months ended DecemberÂ 31, 2024 and 2023 and the fiscal year ended MarchÂ 31, 2024:$ in thousandsNine Months Ended DecemberÂ 31, 2024Fiscal Year Ended MarchÂ 31, 2024Nine Months Ended DecemberÂ 31, 2023Beginning Balance$5,871Â $5,229Â $5,229Â Impact of CECL adoptionâ€"Â 668Â 668Â Less: Charge-offsBusiness(289)(10)â€"Â Consumer(353)(160)(134)Total charge-offs(642)(170)(134)Add: RecoveriesBusiness6Â 55Â 52Â Consumer5Â 6Â 5Â Total recoveries11Â 61Â 57Â Net charge-offs(631)(109)(77)Provision for (recovery of) credit lossesOne-to-four family(104)69Â 132Â Multifamily78Â 3Â 5Â Commercial real estate116Â (95)(106)Construction2Â 1Â 1Â Business283Â (274)(244)Consumer491Â 321Â 289Â Unallocated(49)58Â â€"Â Provision for credit losses817Â 83Â 77Â Ending Balance$6,057Â $5,871Â $5,897Â Ratios:Â Â Net (charge-offs) recoveries to average loans outstanding (annualized)Business(0.22)%0.03Â %0.04Â %Consumer(2.92)%(1.25)%(1.52)%Total loans(0.14)%(0.02)%(0.02)%Allowance to total loans0.99Â %0.94Â %0.94Â %Allowance to nonaccrual loans26.55Â %49.86Â %21.91Â %Â Â Â Â The Company recorded a $96 thousand provision for credit losses for the three months ended DecemberÂ 31, 2024, compared to a $97 thousand recovery of credit loss for the prior year quarter. Net charge-offs of $281 thousand were recognized during the third quarter, compared to net charge-offs of $13 thousand for the prior year quarter. For the nine months ended DecemberÂ 31, 2024, the Company recorded a $817 thousand provision for credit losses, compared to a $77 thousand 42provision for credit losses for the prior year period. Net charge-offs of $631 thousand were recognized during the nine months ended DecemberÂ 31, 2024, compared to net charge-offs of $77 thousand in the prior year period. At DecemberÂ 31, 2024, nonaccrual loans totaled $22.8 million, or 3.1% of total assets, compared to $11.8 million, or 1.6% of total assets at MarchÂ 31, 2024. The ACL was $6.1 million at DecemberÂ 31, 2024, which represents a ratio of the ACL to nonaccrual loans of 26.6% compared to a ratio of 49.9% at MarchÂ 31, 2024. The ratio of the ACL to total loans was 0.99% at DecemberÂ 31, 2024, compared to 0.94% at MarchÂ 31, 2024. Non-performing AssetsÂ Â Â Â Non-performing assets consist of nonaccrual loans, loans held-for-sale and property acquired in settlement of loans, which is known as other real estate owned (OREO), including foreclosure. When a borrower fails to make a payment on a loan, the Bank and/or its loan servicers take prompt steps to have the delinquency cured and the loan restored to current status. This includes a series of actions such as phone calls, letters, customer visits and, if necessary, legal action. In the event the loan has a guarantee, the Bank may seek to recover on the guarantee, including, where applicable, from the SBA. Loans that remain delinquent are reviewed for reserve provisions and charge-off. The Bankâ€™s collection efforts continue after the loan is charged off, except when a determination is made that collection efforts have been exhausted or are not productive.Â Â Â Â The Bank may from time to time agree to modify the contractual terms of a borrowerâ€™s loan. In cases where such modifications are to a borrower experiencing financial difficulty, the loan is placed on nonaccrual status until the Bank determines that future collection of principal and interest is reasonably assured, which generally requires that the borrower demonstrate performance according to the restructured terms for a period of at least six months. At DecemberÂ 31, 2024, modified loans to a borrower experiencing financial difficulty totaled $6.0 million, of which $5.7 million were classified as performing. 43Â Â Â Â At DecemberÂ 31, 2024, non-performing assets totaled $22.9 million, or 3.1% of total assets compared to $11.8 million, or 1.6% of total assets at MarchÂ 31, 2024. The following table sets forth information with respect to the Bankâ€™s non-performing assets at the dates indicated:Non Performing Assets$ in thousandsDecember 31, 2024September 30, 2024June 30, 2024March 31, 2024December 31, 2023Loans accounted for on a nonaccrual basis (1):Gross loans receivable:One-to-four

family$1,874Â $2,244Â $2,650Â $3,554Â $4,295Â Multifamily2,249Â 1,708Â 2,206Â 2,238Â 2,627Â Commercial real
estate6,104Â 4,522Â 4,522Â 4,522Â 5,937Â Business12,486Â 8,512Â 876Â 1,417Â 14,009Â Consumer98Â 139Â 50Â 44Â 45Â Total nonaccrual
loans22,811Â 17,125Â 10,304Â 11,775Â 26,913Â Other non-performing assets (2):Real estate owned52Â 52Â 52Â 52Â 60Â Total non-performing assets
(3)$22,863Â $17,177Â $10,356Â $11,827Â $26,973Â Nonaccrual loans to total loans3.73Â %2.77Â %1.64Â %1.89Â %4.31Â %Non-performing loans to total
loans3.73Â %2.77Â %1.64Â %1.89Â %4.31Â %Non-performing assets to total assets3.14Â %2.29Â %1.39Â %1.56Â %3.48Â %Allowance to total
loans0.99Â %1.01Â %0.95Â %0.94Â %0.94Â %Allowance to nonaccrual loans26.55Â %36.45Â %57.79Â %49.86Â %21.91Â %(1) Nonaccrual status denotes any loan where the delinquency
exceeds 90Â days past due, or in the opinion of management, the collection of contractual interest and/or principal is doubtful. Payments received on a nonaccrual loan are either applied to the
outstanding principal balance or recorded as interest income, depending on assessment of the ability to collect on the loan.(2) Other non-performing assets generally represent loans that the
Bank is in the process of selling and has designated held-for-sale or property acquired by the Bank in settlement of loans less costs to sell (i.e., through foreclosure, repossession or as an in-
substance foreclosure). These assets are recorded at the lower of their cost or fair value.(3) Modified loans to borrowers experiencing financial difficulty that are performing in accordance with
their modified terms for less than six months and those not performing in accordance with their modified terms are considered nonaccrual and are included in the nonaccrual category in the
table above. At DecemberÂ 31, 2024, there were $5.7 million of these modified loans that have performed in accordance with their modified terms for a period of at least six months. These loans
are generally considered performing loans and are not presented in the table above.Subprime LoansÂ Â Â Â In the past, the Bank originated or purchased a limited amount of subprime loans
(which are defined by the Bank as those loans where the borrowers have FICO scores of 660 or less at origination). At DecemberÂ 31, 2024, the Bank had $2.6Â million in subprime loans, or
0.4% of its total loan portfolio, of which $0.7 million are non-performing loans.Non-Interest IncomeÂ Â Â Â Non-interest income decreased $1.5 million, or 60.0%, to $1.0 million for the three
months ended DecemberÂ 31, 2024, compared to $2.5 million for the prior year quarter. For the nine months ended DecemberÂ 31, 2024, non-interest income decreased $2.5 million, or 52.1%,
to $2.3 million, compared to $4.8 million for the prior year period. The previous periods included grant income of $1.4 million recognized from the Bank's award through the CDFI Fund's
Equitable Recovery Program and $0.5 million associated with a loan program no longer in existence, that had been transferred to the Bank through an acquired institution. In addition, the Bank
recognized a $0.2 million loss on the sale of a loan during the nine months ended DecemberÂ 31, 2024. Non-Interest ExpenseÂ Â Â Â Non-interest expense increased $1.4 million, or 17.3%, to
$9.5 million for the three months ended DecemberÂ 31, 2024, compared to $8.1 million for the prior year quarter. For the nine months ended DecemberÂ 31, 2024, non-interest expense
increased $1.9 million, or 7.9%, to $25.9 million, compared to $24.0 million for the prior year period. Employee compensation and net occupancy costs related to building expenses increased
compared to the prior year periods. Net equipment expense was 44higher due to upgraded cybersecurity systems and increases in hardware/software maintenance contracts. Other non-interest
expense was higher due to increases in security services at the branches and legal costs associated with an activist shareholder. Item 3.Quantitative and Qualitative Disclosure about Market
RiskÂ Â Â Â Not applicable, as the Company is a smaller reporting company.Item 4.Controls and Procedures(a)Â Evaluation of Disclosure Controls and ProceduresThe Company maintains
controls and procedures designed to ensure that information required to be disclosed in the reports that the Company files or submits under the Exchange Act is recorded, processed,
summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. As of DecemberÂ 31, 2024, the Companyâ€™s management,
including the Company's Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial and Accounting Officer), has evaluated the effectiveness of the
Companyâ€™s disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as amended. In designing and evaluating the disclosure controls and
procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control
objectives. In addition, the design of disclosure controls and procedures must necessarily reflect the fact that there are resource constraints and that management is required to apply its
judgment in evaluating the benefits of possible controls and procedures relative to their costs.Based on the foregoing evaluation, our Chief Executive Officer and Chief Financial Officer
concluded that our disclosure controls and procedures were effective as of DecemberÂ 31, 2024.(b) Changes in Internal Control over Financial Reporting Â Â Â Â There have not been any
changes in the Companyâ€™s internal control over financial reporting during the fiscal quarter to which this report relates, that have materially affected, or are reasonably likely to materially
affect, the Companyâ€™s internal control over financial reporting.45PART II. OTHER INFORMATIONItem 1.Legal ProceedingsÂ Â Â Â From time to time, the Company and the Bank or one of
its wholly-owned subsidiaries are parties to various legal proceedings incident to their business. At DecemberÂ 31, 2024, certain claims, suits, complaints and investigations (collectively
â€œproceedingsâ€) involving the Company and the Bank or a subsidiary, arising in the ordinary course of business, have been filed or are pending.Â Â The Company is unable at this time to
determine the ultimate outcome of each proceeding, but believes, after discussions with legal counsel representing the Company and the Bank or the subsidiary in these proceedings,Â that it
has meritorious defenses to each proceeding and appropriate measures have been taken to defend the interests of the Company, Bank or subsidiary. As of DecemberÂ 31, 2024, we are not
involved in any pending legal proceedings as a plaintiff or a defendant other than routine legal proceedings occurring in the ordinary course of business, and are not involved in any legal
proceeding, the outcome of which management believes would be material to the financial condition or results of operations of the Company or the Bank. Item 1A.Risk FactorsÂ Â Â Â There
have been no material changes in risk factors applicable to the Company from those disclosed in "Risk Factors" in Item 1A of the Company's Annual Report on Form 10-K for the year ended
MarchÂ 31, 2024. Item 2.Unregistered Sales of Equity Securities, Use of Proceeds and Issuer Purchases of Equity SecuritiesÂ Â Â Â On November 25, 2024, the Company issued and sold a total
of 116,766 shares of its common stock, par value $0.01 per share, at a price of $1.67 per share. The shares were issued in a private placement exempt from registration under Section 4(2) of
the Securities Act of 1933, as amended, and Regulation D of the rules and regulations promulgated thereunder. Specifically, the following Carver directors purchased shares in this offering as
follows:NameNumber of sharesDonald Felix26,946Colvin W. Grannum11,976Pazel G. Jackson, Jr.8,982Kenneth J. Knuckles8,982Craig C. MacKay59,880The offering resulted in gross proceeds
of $0.2 million, which will be used for general corporate purposes. There were no underwriting discounts or commissions. Item 3.Defaults Upon Senior SecuritiesÂ Â Â Â None.Item 4.Mine
Safety DisclosuresÂ Â Â Â Not applicable.Item 5.Other InformationÂ Â Â Â During the three months ended DecemberÂ 31, 2024, no directors or executive officers of the Company adopted or
terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-
Rule 10b5-1 trading arrangement," as that term is used in SEC regulations.Item 6.ExhibitsThe following exhibits are submitted with this report:463.1Certificate of Incorporation of Carver
Bancorp, Inc. (1)3.2Certificate of Amendment to the Certificate of Incorporation of Carver Bancorp, Inc. (2)3.3Second Amended and Restated Bylaws of Carver Bancorp, Inc. (3)4.1Stock
Certificate of Carver Bancorp, Inc. (1)4.2Certificate of Designation for Mandatorily Convertible Non-Voting Participating Preferred Stock Series C and Convertible Non-Cumulative Non-Voting
Participating Preferred Stock, Series D of Carver Bancorp, Inc. (4)4.3Certificate of Amendment to the Certificate of Incorporation of Carver Bancorp, Inc.(5)4.4Certificate of Designations of
Non-Cumulative Non-Voting Participating Preferred Stock, Series E, par value $0.01 per share (6)4.5Certificate of Amendment of Certificate of Designations of Non-Cumulative Non-Voting
Participating Preferred Stock, Series E, par value $0.01 per share (7)4.6Amended and Restated Certificate of Designations of Non-Cumulative Non-Voting Participating Preferred Stock, Series
F, par value $0.01 per share (8)10.1Carver Bancorp, Inc. 2024 Equity Incentive Plan (9)10.2Employment Agreement by and among Carver Bancorp, Inc., Carver Federal Savings Bank and
Donald Felix, effective as of November 1, 2024 (10)31.1Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a)31.2Certification of Chief Financial Officer pursuant to Rule
13a-14(a)/15d-14(a)32.1Certification of Chief Executive Officer furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. 135032.2Certification of Chief Financial Officer
furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. 1350101The following materials from the Companyâ€™s Quarterly Report on Form 10-Q for the quarter ended
DecemberÂ 31, 2024, formatted in XBRL (Extensive Business Reporting Language): (i) Consolidated Statements of Financial Condition as of DecemberÂ 31, 2024 (unaudited) and MarchÂ 31,
2024; (ii) Consolidated Statements of Operations for the three and nine months ended DecemberÂ 31, 2024 and 2023 (unaudited); (iii) Consolidated Statements of Comprehensive Income/(Loss)
for the three and nine months ended DecemberÂ 31, 2024 and 2023 (unaudited); (iv) Consolidated Statements of Changes in Equity for the three and nine months ended DecemberÂ 31, 2024
and 2023 (unaudited); (v) Consolidated Statements of Cash Flows for the nine months ended DecemberÂ 31, 2024 and 2023 (unaudited); and (vi) Notes to Consolidated Financial
Statements.104The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended DecemberÂ 31, 2024, formatted in Inline XBRL.(1)Incorporated herein by reference
from the Exhibits to the Form S-4, Registration Statement and amendments thereto, initially filed on June 7, 1996, Registration No. 333-5559.(2)Incorporated herein by reference from the
Exhibits to the Companyâ€™s Current Report on Form 8-K filed with the Securities and Exchange Commission on November 1, 2011.(3)Incorporated herein by reference from the Exhibits to
the Companyâ€™s Annual Report on Form 10-K for the fiscal year ended March 31, 2006.(4)Incorporated herein by reference to Exhibit 3.1 to the Registrant's Report on Form 8-K filed with the
Securities and Exchange Commission on July 6, 2011.(5)Incorporated herein by reference to Exhibit 3.1 to the Registrant's Report on Form 8-K filed with the Securities and Exchange
Commission on November 1, 2011.(6)Incorporated herein by reference to Exhibit 3.1 to the Registrant's Report on Form 8-K filed with the Securities and Exchange Commission on February 1,
2021.(7)Incorporated herein by reference to Exhibit 3.2 to the Registrant's Report on Form 8-K filed with the Securities and Exchange Commission on February 1, 2021.(8)Incorporated herein
by reference to Exhibit 3.1 to the Registrant's Report on Form 8-K filed with the Securities and Exchange Commission on September 30, 2021.(9)Incorporated herein by reference to Exhibit
10.1 to the Registrant's Report on Form 8-K filed with the Securities and Exchange Commission on December 12, 2024.(10)Incorporated herein by reference to Exhibit 10.2 to the Registrant's
Report on Form 8-K filed with the Securities and Exchange Commission on September 16, 2024.47SIGNATURESÂ Â Â Â 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.Â CARVER BANCORP, INC.Â Date:February 13, 2025/s/ Donald FelixÂ Donald
FelixÂ President and Chief Executive Officer(Principal Executive Officer)Date:February 13, 2025/s/ Christina L. MaierÂ Christina L. MaierÂ First Senior Vice President and Chief Financial
Officer(Principal Accounting Officer and Principal Financial Officer)48DocumentExhibit 31.1CERTIFICATIONS Â I, Donald Felix, certify that: 1.I have reviewed this Quarterly Report on Form
10-Q of Carver 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; andd.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 case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control
over financial reporting; and5.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 the equivalent functions):a.All significant deficiencies and material weaknesses in the design or
operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
b.Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.Â Date:February 13,
2025/s/ Donald FelixDonald FelixPresident and Chief Executive OfficerDocumentExhibit 31.2CERTIFICATIONS Â I, Christina L. Maier, certify that: Â 1.I have reviewed this Quarterly Report on
Form 10-Q of Carver 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 officers 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 controls 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; andd.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 case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial
reporting; and5.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 the equivalent functions): a.All significant deficiencies and material weaknesses in the design or operation of
internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and b.Any fraud,
whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.Â Date:February 13, 2025/s/
Christina L. MaierChristina L. MaierFirst Senior Vice President and Chief Financial OfficerPrincipal Accounting Officer and Principal Financial OfficerDocumentExhibit 32.1CERTIFICATION
FURNISHED PURSUANT TO SECTION 906 OF THESARBANES-OXLEY ACT OF 2002, 18 U.S.C SECTION 1350The undersigned, Donald Felix, is the President and Chief Executive Officer of
Carver Bancorp, Inc. (the â€œCompanyâ€).This certification is being furnished in connection with the filing by the Company of the Company's Quarterly Report on Form 10-Q for the quarter
ended DecemberÂ 31, 2024 (the â€œReportâ€).I certify that:a)the Report fully complies with the requirements of SectionÂ 13(a) or 15(d) of the Securities Exchange Act of 1934 (15Â U.S.C.
78m(a) or 78o(d)); andb)the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for
the periods covered by the Report.Date:February 13, 2025/s/ Donald FelixDonald FelixPresident and Chief Executive OfficerDocumentExhibit 32.2CERTIFICATION FURNISHED PURSUANT TO
SECTION 906 OF THESARBANES-OXLEY ACT OF 2002, 18 U.S.C SECTION 1350The undersigned, Christina L. Maier, is the First Senior Vice President and Chief Financial Officer of Carver
Bancorp, Inc. (the â€œCompanyâ€).This certification is being furnished in connection with the filing by the Company of the Company's Quarterly Report on Form 10-Q for the quarter ended
DecemberÂ 31, 2024 (the â€œReportâ€).By execution of this statement, I certify that:a)the Report fully complies with the requirements of SectionÂ 13(a) or 15(d) of the Securities Exchange Act
of 1934 (15Â U.S.C. 78m(a) or 78o(d)); andb)the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as
of the dates and for the periods covered by the Report.Date:February 13, 2025/s/ Christina L. MaierChristina L. MaierFirst Senior Vice President and Chief Financial Officer