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DELTA REPORT

10-Q

PRINCETON BANCORP, INC.

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

The following comparison report has been automatically generated

TOTAL DELTAS	1067
CHANGES	206
DELETIONS	497
ADDITIONS	364

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20429

FORM10-Q

(Mark one)

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

For the quarterly period ended September March30, 2023 31, 2024

Or

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

For the transition period fromto

Commission File Number:001-41589

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

Pennsylvania	**88-4268702**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

183 Bayard Lane, Princeton, New Jersey 08540
(Address of principal executive offices) (Zip Code)

(609)921-1700
(Registrant's telephone number, including area code)

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, no par value	BPRN	The Nasdaq Global Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of RegulationS-T(§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, anon-acceleratedfiler, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule12b-2of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-acceleratedfiler	☐	Smaller reporting company	☒
Emerging growth company	☐		

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule12b-2of the Exchange Act). Yes ☐ No☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of November 8, 2023 May 10, 2024, there were 6,298,313 6,319,361 outstanding shares of the issuer's common stock, no par value.

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Explanatory Note

On January 10, 2023 (the "Effective Date"), Princeton Bancorp, Inc., a Pennsylvania corporation (the "Company") acquired all of the outstanding stock of The Bank of Princeton, a New Jersey state-chartered bank (the "Bank"), (the "Reorganization"). Pursuant to the Reorganization, the Bank became the sole direct wholly owned subsidiary of the Company, the Company became the holding company for the Bank and the stockholders of the Bank became stockholders of the Company.

Before the Effective Date, the Bank's common stock was registered under Section 12(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), and the Bank was subject to the information requirements of the Exchange Act and, in accordance with Section 12(i) thereof, filed quarterly reports, proxy statements and other information with the Federal Deposit Insurance Corporation ("FDIC"). As of the Effective Date, pursuant to Rule 12g-3 under the Exchange Act, the Company is the successor registrant to the Bank, the Company's common stock is deemed to be registered under Section 12(b) of the Exchange Act, and the Company has become subject to the information requirements of the Exchange Act and files reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC").

Prior to the Effective Date, the Company conducted no operations other than obtaining regulatory approval for the Reorganization. Accordingly, the consolidated financial statements for periods prior to the Effective Date, discussions of those financial statements, and market data and all other information presented herein for periods prior to the Effective Date, are those of the Bank.

In this report, unless the context indicates otherwise, references to “we,” “us,” and “our” refer to the Company and the Bank. However, if the discussion relates to a period before the Effective Date, the terms refer only to the Bank.

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PART I–FINANCIAL INFORMATION

Item 1. Financial Statements.

PRINCETON BANCORP, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(Dollars in thousands, except per share data)

	March 31, 2024	December 31, 2023
ASSETS		
Cash and due from banks	$ 13,040	$ 17,156
Interest-earning bank balances	18,196	17,376
Federal funds sold	140,831	116,025
Total cash and cash equivalents	172,067	150,557
Securitiesavailable-for-sale,at fair value	118,098	91,352
Securitiesheld-to-maturity(fair value $199 and $200, at March 31, 2024 and December 31, 2023, respectively)	167	193
Loans receivable, net of deferred fees and costs	1,571,231	1,548,335
Less: allowance for credit losses	(18,618)	(18,492)
Loan receivable, net	1,552,613	1,529,843
Bank-owned life insurance	59,240	58,860
Premises and equipment, net	14,115	14,453
Accrued interest receivable	6,405	6,089
Restricted investment in bank stock	1,398	1,410
Deferred taxes, net	11,605	11,512
Goodwill	8,853	8,853
Core deposit intangible	1,301	1,422
Operating leaseright-of-useasset	22,726	23,398
Equity method investments	9,051	8,296
Other assets	10,362	10,259
TOTAL ASSETS	$ 1,988,001	$ 1,916,497
LIABILITIES AND STOCKHOLDERS’ EQUITY		
LIABILITIES		
Deposits:		
Non-interest-bearing	$ 247,056	$ 249,282
Interest-bearing	1,458,564	1,386,459
Total deposits	1,705,620	1,635,741
Accrued interest payable	11,831	9,162
Operating lease liability	23,643	24,280
Other liabilities	5,099	7,103
TOTAL LIABILITIES	1,746,193	1,676,286
STOCKHOLDERS’ EQUITY:		
Common stock, no par value; 15,000,000 shares authorized, 6,320,356 shares issued and outstanding at March 31, 2024; at December 31, 2023, 6,299,331 shares issued and outstanding	—	—
Paid-incapital	98,312	98,291
Treasury Stock, at cost of 19,000 shares at March 31, 2024	(579)	—
Retained earnings	151,860	149,414
Accumulated other comprehensive loss	(7,785)	(7,494)
TOTAL STOCKHOLDERS’ EQUITY	241,808	240,211
TOTAL LIABILITIES AND STOCKHOLDERS’ EQUITY	$ 1,988,001	$ 1,916,497

See accompanying notes to unaudited consolidated financial statements.

PRINCETON BANCORP, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
(Dollars in thousands, except share data)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
INTEREST AND DIVIDEND INCOME		
Loans receivable, including fees	$ 24,940	$ 19,894
Securitiesavailable-for-sale:		
Taxable	564	278
Tax-exempt	286	284
Securitiesheld-to-maturity	2	3
Other interest and dividend income	2,274	153
TOTAL INTEREST AND DIVIDEND INCOME	28,066	20,612
INTEREST EXPENSE		
Deposits	12,618	3,865
Borrowings	—	86
TOTAL INTEREST EXPENSE	12,618	3,951
NET INTEREST INCOME	15,448	16,661
Provision for credit losses	186	265
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	15,262	16,396
NON-INTERESTINCOME		
Income from bank-owned life insurance	381	290
Fees and service charges	432	448
Loan fees, including preypayment penalties	724	351
Other	448	285
TOTALNON-INTERESTINCOME	1,985	1,374
NON-INTERESTEXPENSE		
Salaries and employee benefits	6,520	5,399
Occupancy and equipment	2,029	1,341
Professional fees	524	465
Data processing and communications	1,160	1,300
Federal deposit insurance	273	190
Advertising and promotion	142	110
Office expense	119	97
Core deposit intangible	120	135
Other	949	735
TOTALNON-INTERESTEXPENSE	11,836	9,772
INCOME BEFORE INCOME TAX EXPENSE	5,411	7,998
INCOME TAX EXPENSE	1,066	1,901
NET INCOME	$ 4,345	$ 6,097
Earnings per common share-basic	$ 0.69	$ 0.97
Earnings per common share-diluted	$ 0.68	$ 0.95

See accompanying notes to unaudited consolidated financial statements.

PRINCETON BANCORP, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Dollars in thousands)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
NET INCOME	$ 4,345	$ 6,097
Other comprehensive income (loss)		
Unrealized gains (losses) arising during period on securitiesavailable-for-sale	(434)	1,739
Net unrealized gain (loss)	(434)	1,739
Tax effect	143	(498)
Total other comprehensive income (loss)	(291)	1,241

COMPREHENSIVE INCOME	$ 4,054	$ 7,338

See accompanying notes to unaudited consolidated financial statements.

PRINCETON BANCORP, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(Dollars in thousands, except share data)

Three Months Ended March 31, 2024 and 2023	Common Stock	Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total
Balance, December 31, 2022	$ 34,547	$ 81,291	$ (19,452)	$ 131,488	$ (8,273)	$ 219,601
Net income	—	—	—	6,097	—	6,097
Other comprehensive loss	—	—	—	—	1,241	1,241
Change in accounting principle	—	—	—	(284)	—	(284)
Formation of Princeton Bancorp, Inc.	(34,547)	15,095	19,452	—	—	—
Stock options exercised (16,307 shares)	—	297	—	—	—	297
Dividends declared $0.30 per share	—	—	—	(1,843)	—	(1,843)
Dividend reinvestment plan (958 shares)	—	33	—	(33)	—	—
Stock-based compensation expense	—	164	—	—	—	164
Balance, March 31, 2023	$ —	$ 96,880	$ —	$ 135,425	$ (7,032)	$ 225,273
Balance, December 31, 2023	$ —	$ 98,291	$ —	$ 149,414	$ (7,494)	$ 240,211
Net income	—	—	—	4,345	—	4,345
Other comprehensive loss	—	—	—	—	(291)	(291)
Treasury stock repurchases (19,000 shares)	—	—	(579)	—	—	(579)
Stock options exercised (2,450 shares)	—	34	—	—	—	34
Share redemption for tax withholding on restricted stock vesting	—	(249)	—	—	—	(249)
Dividends declared $0.30 per share	—	—	—	(1,866)	—	(1,866)
Dividend reinvestment plan (1,018 shares)	—	33	—	(33)	—	—
Stock-based compensation expense	—	203	—	—	—	203
Balance, March 31, 2024	$ —	$ 98,312	$ (579)	$ 151,860	$ (7,785)	$ 241,808

See accompanying notes to unaudited consolidated financial statements.

PRINCETON BANCORP, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	September 30, 2023	December 31, 2022
ASSETS		
Cash and due from banks	$ 14,799	$ 12,161
Interest-earning bank balances	17,245	13,140
Federal funds sold	174,887	28,050
Total cash and cash equivalents	206,931	53,351
Securitiesavailable-for-sale,at fair value	88,064	83,402
Securitiesheld-to-maturity(fair value $189 and $200, at September 30, 2023 and December 31, 2022, respectively)	195	201
Loans receivable, net of deferred fees and costs	1,498,500	1,370,368
Less: allowance for credit lossess	(17,992)	(16,461)
Loan receivable, net	1,480,508	1,353,907
Bank-owned life insurance	58,483	52,617
Premises and equipment, net	14,567	11,722
Accrued interest receivable	5,783	4,756
Restricted investment in bank stock	1,385	1,742
Deferred taxes, net	13,908	7,599
Goodwill	8,853	8,853
Core deposit intangible	1,546	1,825

Mortgage servicing rights	1,562	—
Operating leaseright-of-useasset	24,090	16,026
Other assets	7,248	5,778
TOTAL ASSETS	$ 1,913,123	$ 1,601,779
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits:		
Non-interest-bearing	$ 264,197	$ 265,078
Interest-bearing	1,373,769	1,082,652
Total deposits	1,637,966	1,347,730
Borrowings	—	10,000
Accrued interest payable	10,243	1,027
Operating lease liability	24,941	16,772
Other liabilities	7,765	6,649
TOTAL LIABILITIES	1,680,915	1,382,178
STOCKHOLDERS' EQUITY:		
Common stock,nopar value; 15,000,000 shares authorized, 6,299,331 shares issued and outstanding at September 30 2023; at December 31, 2022, par value $5.00per share,6,909,402shares issued and6,245,597shares outstanding	—	34,547
Paid-incapital	97,779	81,291
Treasury stock, at cost663,805shares at December 31, 2022	—	(19,452)
Retained earnings	146,022	131,488
Accumulated other comprehensive loss	(11,593)	(8,273)
TOTAL STOCKHOLDER'S EQUITY	232,208	219,601
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,913,123	$ 1,601,779

	Three Months Ended March 31,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 4,345	$ 6,097
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	186	265
Depreciation and amortization	409	305
Stock-based compensation expense	203	164
Amortization of premiums and accretion of discount on securities	6	11
Accretion of net deferred loan fees and costs	(37)	(534)
Increase in cash surrender value of bank-owned life insurance	(380)	(290)
Deferred income tax	98	(793)
Amortization of core deposit intangible	121	136
Increase (decrease) in accrued interest receivable and other assets	(152)	2,052
Increase (decrease) in accrued interest payable and other liabilities	28	(227)
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,827	7,186
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases ofavailable-for-salesecurities	(28,898)	(345)
Principal repayments and maturities on securitiesavailable-for-sale	1,254	1,144
Maturities, calls and principal repayments of securitiesheld-to-maturity	26	2
Net increase in loans	(22,859)	(18,840)
Purchases of premises and equipment	(71)	(245)
Redemption (purchases) of restricted bank stock	12	(1,553)
NET CASH USED IN INVESTMENT ACTIVITIES	(50,536)	(19,837)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase (decrease) in deposits	69,879	(55,630)
Proceeds from overnight borrowings	—	34,500
Cash dividends	(1,899)	(1,876)
Dividend reinvestment program	33	33
Share redemption for tax witholding on restricted stock vesting	(249)	—
Purchase of treasury stock	(579)	—
Proceeds from exercise of stock options	34	297

NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	67,219	(22,676)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	21,510	(35,327)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	150,557	53,351
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 172,067	$ 18,024
SUPPLEMENTARY CASH FLOWS INFORMATION:		
Interest paid	$ 9,949	$ 2,818
Income taxes paid	$ 724	$ 653
Increase in ROU leases	$ 1,808	$ 9,799
Reclass ofpaid-incapital related to holding company formation	$ —	$ 15,095
Reclass of treasury stock related to holding company formation	$ —	$ 19,452
Reclass of common stock related to holding company formation	$ —	$ (34,547)

See accompanying notes to unaudited consolidated financial statements.

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PRINCETON BANCORP, INC.

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

(Dollars in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
INTEREST AND DIVIDEND INCOME				
Loans receivable, including fees	$ 23,503	$ 18,336	$ 64,914	$ 51,596
Securitiesavailable-for-sale:				
Taxable	357	242	927	698
Tax-exempt	285	286	853	882
Securitiesheld-to-maturity	3	2	8	8
Other interest and dividend income	2,852	225	3,924	441
TOTAL INTEREST AND DIVIDEND INCOME	27,000	19,091	70,626	53,625
INTEREST EXPENSE				
Deposits	10,316	1,392	21,502	3,785
Borrowings	—	3	118	3
TOTAL INTEREST EXPENSE	10,316	1,395	21,620	3,788
NET INTEREST INCOME	16,684	17,696	49,006	49,837
(Credit) provision for credit losses	(182)	200	2,546	200
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	16,866	17,496	46,460	49,637
NON-INTERESTINCOME				
(Loss) gain on call/sale of securitiesavailable-for-sale	(6)	—	(6)	2
Income from bank-owned life insurance	331	287	916	852
Fees and service charges	479	469	1,391	1,441
Loan fees, including preypayment penalties	1,184	850	2,565	1,248
Gain on bargain purchase	—	—	9,696	—
Gain on sale of other real estate owned	203	—	203	—
Other	212	101	577	322
TOTALNON-INTERESTINCOME	2,403	1,707	15,342	3,865
NON-INTERESTEXPENSE				
Salaries and employee benefits	6,177	5,442	17,352	15,251
Occupancy and equipment	2,142	1,539	5,188	4,446
Professional fees	614	786	1,635	1,929
Data processing and communications	1,242	1,043	3,860	3,134
Federal deposit insurance	258	249	701	788
Advertising and promotion	139	140	375	379
Office expense	117	52	392	168
Other real estate expenses	—	—	1	112
Core deposit intangible	116	135	378	434
Acquisition-related expenses	(1,391)	—	5,635	—
Other	745	739	2,228	2,180
TOTALNON-INTERESTEXPENSE	10,159	10,125	37,745	28,821

INCOME BEFORE INCOME TAX EXPENSE	9,110	9,078	24,057	24,681
INCOME TAX EXPENSE	1,512	2,103	3,574	5,358
NET INCOME	$ 7,598	$ 6,975	$ 20,483	$ 19,323
Earnings per common share-basic	$ 1.21	$ 1.12	$ 3.26	$ 3.05
Earnings per common share-diluted	$ 1.19	$ 1.09	$ 3.21	$ 2.98
Dividends declared per common share	$ 0.30	$ 0.25	$ 0.90	$ 0.75

See accompanying notes to unaudited consolidated financial statements.

PRINCETON BANCORP, INC.

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Dollars in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
NET INCOME	$ 7,598	$ 6,975	$ 20,483	$ 19,323
Other comprehensive income (loss)				
Unrealized losses arising during period on securitiesavailable-for-sale	(4,321)	(4,989)	(4,656)	(15,070)
Reclassification adjustment for losses (gains) realized in income[1]	6	—	6	(2)
Net unrealized loss	(4,315)	(4,989)	(4,650)	(15,072)
Tax effect	1,236	1,570	1,330	4,287
Total other comprehensive income (loss)	(3,079)	(3,419)	(3,320)	(10,785)
COMPREHENSIVE INCOME	$ 4,519	$ 3,556	$ 17,163	$ 8,538

1 Amounts are included in gain on call/sale of securitiesavailable-for-saleon the Consolidated Statements of Income as a separate element within totalnon-interestincome. There was no income tax expense or benefit for the three or nine months ended September 30, 2023 or for the nine months ended September 30, 2022.

See accompanying notes to unaudited consolidated financial statements.

PRINCETON BANCORP, INC.

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(Dollars in thousands, except per share data)

Three Months Ended September 30, 2023 and 2022	Common Stock	Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total
Balance, July 1, 2022	$ 34,338	$ 80,883	$ (17,832)	$ 120,487	$ (6,527)	$ 211,349
Net income	—	—	—	6,975	—	6,975
Other comprehensive loss	—	—	—	—	(3,419)	(3,419)
Stock options exercised (38,450shares)	193	336	—	—	—	529
Dividends declared $0.25per share	—	—	—	(1,558)	—	(1,558)
Purchase of treasury stock (49,717shares)	—	—	(1,358)	—	—	(1,358)
Dividend reinvestment plan (875shares)	4	22	—	(26)	—	—
Balance, September 30, 2022	$ 34,535	$ 81,241	$ (19,190)	$ 125,878	$ (9,946)	$ 212,518
Balance, July 1, 2023	$ —	$ 97,103	$ —	$ 140,310	$ (8,514)	$ 228,899
Net income	—	—	—	7,598	—	7,598
Other comprehensive loss	—	—	—	—	(3,079)	(3,079)
Stock options exercised (16,750shares)	—	507	—	—	—	507
Dividends declared $0.30per share	—	—	—	(1,864)	—	(1,864)
Dividend reinvestment plan (1,061shares)	—	22	—	(22)	—	—
Stock-based compensation expense	—	147	—	—	—	147
Balance, September 30, 2023	$ —	$ 97,779	$ —	$ 146,022	$ (11,593)	$ 232,208

Nine Months Ended September 30, 2023 and 2022	Common stock	Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total
Balance, January 1, 2022	$ 34,100	$ 80,220	$ (10,032)	$ 111,451	$ 839	$ 216,578
Net income	—	—	—	19,323	—	19,323
Other comprehensive loss	—	—	—	—	(10,785)	(10,785)
Stock options exercised (74,851shares)	378	675	—	—	—	1,053

Restricted stock (8,741shares)	44	165	—	—	—	209
Dividends declared $0.75per share	—	—	—	(4,825)	—	(4,825)
Purchase of treasury stock (315,058shares)	—	—	(9,158)	—	—	(9,158)
Dividend reinvestment plan (2,608shares)	13	58	—	(71)	—	—
Stock-based compensation expense	—	123	—	—	—	123
Balance, September 30, 2022	$ 34,535	$ 81,241	$ (19,190)	$ 125,878	$ (9,946)	$ 212,518
Balance, January 1, 2023	$ 34,547	$ 81,291	$ (19,452)	$ 131,488	$ (8,273)	$ 219,601
Net income	—	—	—	20,483	—	20,483
Other comprehensive loss	—	—	—	—	(3,320)	(3,320)
Adoption of CECL	—	—	—	(284)	—	(284)
Formation of Princeton Bancorp, Inc.	(34,547)	15,095	19,452	—	—	—
Stock options exercised (33,057shares)	—	779	—	—	—	779
Dividends declared $0.90per share	—	—	—	(5,583)	—	(5,583)
Dividend reinvestment plan (3,102shares)	—	82	—	(82)	—	—
Stock-based compensation expense	—	532	—	—	—	532
Balance, September 30, 2023	$ —	$ 97,779	$ —	$ 146,022	$ (11,593)	$ 232,208

See accompanying notes to unaudited consolidated financial statements.

PRINCETON BANCORP, INC.

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Nine Months Ended September 30,	
	2023	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 20,483	$ 19,323
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	2,546	200
Depreciation and amortization	1,070	1,121
Stock-based compensation expense	532	123
Amortization of premiums and accretion of discount on securities	257	33
Accretion of net deferred loan fees and costs	(1,937)	(4,407)
Loss (gain) on call/sale of securitiesavailable-for-sale	6	(2)
Income earned from small business investment company ("SBIC") investment	(307)	(115)
Increase in cash surrender value of bank-owned life insurance	(916)	(851)
Deferred income tax (benefit)	(671)	(11)
Amortization of core deposit intangible	378	435
Bargain purchase gain	(9,696)	—
Gain on sale of other real estate owned	(203)	—
Write down on other real estate owned	—	101
Decrease in accrued interest receivable and other assets	2,747	1,728
Increase (decrease) in accrued interest payable and other liabilities	5,860	(1,443)
NET CASH PROVIDED BY OPERATING ACTIVITIES	20,149	16,235
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases ofavailable-for-salesecurities	(7,319)	(5,154)
Principal repayments of securitiesavailable-for-sale	4,173	5,514
Maturities and calls of securitiesavailable-for-sale	1,071	3,659
Maturities, calls and principal repayments of securitiesheld-to-maturity	6	5
Net decrease (increase) in loans	59,696	(38,784)
Cash paid for acquisition	(25,414)	—
Cash received from acquisition	23,181	—
Purchases of premises and equipment	(1,420)	(541)
Purchases of bank-owned life insurance	(4,950)	—
Sales of restricted bank stock	357	40
Proceeds from other real estate owned	236	125
NET CASH PROVIDED BY (USED IN) INVESTMENT ACTIVITIES	49,617	(35,136)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase (decrease) in deposits	98,536	(79,129)
Repayment of overnight borrowings	(10,000)	—
Cash dividends	(5,583)	(4,896)

Dividend reinvestment program	82	71
Purchase of treasury stock	—	(9,158)
Proceeds from exercise of stock options	779	1,053
Release of restricted stock units	—	209
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	83,814	(91,850)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	153,580	(110,751)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	53,351	158,716
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 206,931	$ 47,965
SUPPLEMENTARY CASH FLOWS INFORMATION:		
Interest paid	$ 12,404	$ 4,187
Income taxes paid	$ 3,455	$ 3,255
Reclass ofpaid-incapital related to holding company formation	$ 15,095	$ —
Reclass of treasury stock related to holding company formation	$ 19,452	$ —
Reclass of common stock related to holding company formation	$ (34,547)	$ —
Net assets acquired from Noah Bank[1]	$ 239,451	$ —
Net liabilities assumed from Noah Bank[1]	$ 204,341	$ —

[1] For details of assets acquired and liabilities assumed—See Note 2.

See accompanying notes to unaudited consolidated financial statements.

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PRINCETON BANCORP, INC.

Notes to Consolidated Financial Statements (unaudited)

Note 1 – Summary of Significant Accounting Policies

Organization and Nature of Operations

The Bank of Princeton (the "Bank") was incorporated on March 5, 2007, under the laws of the State of New Jersey and is a New Jersey state-chartered banking institution. The Bank was granted its bank charter on April 17, 2007, commenced operations on April 23, 2007, and is a full-service bank providing personal and business lending and deposit services. As a state-chartered bank, the Bank is subject to regulation by the New Jersey Department of Banking and Insurance and the Federal Deposit Insurance Corporation ("FDIC"). The area served by the Bank, through its 29 branches, is generally an area within an approximate50-mileradius of Princeton, NJ, including parts of Burlington, Camden, Gloucester, Hunterdon, Mercer, Middlesex, Ocean, and Somerset Counties in New Jersey, and additional areas in portions of Philadelphia, Montgomery, and Bucks Counties in Pennsylvania. The Bank also has two retail branches and conducts loan origination activities in select areas of New York.

The Bank offers traditional retail banking services,one-to-four-familyresidential mortgage loans, multi-family and commercial mortgage loans, construction loans, commercial business loans and consumer loans, including home equity loans and lines of credit.

On January 10, 2023, Princeton Bancorp, Inc., a Pennsylvania corporation formed by the Bank (the "Company"), acquired all the outstanding stock of the Bank in a corporate reorganization. As a result, the Bank became the sole direct subsidiary of the Company, the Company became the holding company for the Bank and the stockholders of the Bank became stockholders of the Company. As of September 30, 2023 March 31, 2024, the Company had 212 211 total employees and 208 209 full-time equivalent employees.

On May 19, 2023, the Company completed the acquisition of Noah Bank, a Pennsylvania chartered state bank headquartered in Elkins Park, Pennsylvania that primarily served the Philadelphia, North New Jersey, and New York City markets. On that date, the Company acquired 100% of the outstanding common stock for cash, of Noah Bank for cash, and Noah Bank was merged with and into the Bank.

On January 18, 2024, the Company announced that it has entered into a definitive agreement and plan of merger pursuant to which the Company will acquire Cornerstone Financial Corporation ("Cornerstone"), the parent company of Cornerstone Bank, Mount Laurel, New Jersey in a transaction valued at approximately $17.9 million. Under the terms of the merger agreement, which has been approved by the boards of directors of both companies, Cornerstone will merge with, into and under the charter of the Company. In the merger, each share of Cornerstone common stock outstanding will be exchanged for 0.24 shares of the Company, subject to adjustment, having a value of $8.16 per share based on the $34.00 closing price of the Company common stock on January 17, 2024. Each share of Cornerstone's preferred stock outstanding will be exchanged for its stated value of $1,000 per share. The transaction is subject to receipt of all required banking regulatory approvals, Cornerstone stockholder approval and certain financial and other contingencies. The transaction is expected to close in the second or third quarter of 2024.

Basis of Financial Statement Presentation

The unaudited consolidated financial statements include the accounts of the Company, its wholly owned subsidiary, the Bank, and its the Bank's wholly owned subsidiaries: Bayard Lane, LLC, Bayard Properties, LLC, 112 Fifth Avenue, LLC, TBOP Delaware Investment Company and TBOP REIT, Inc. All significant inter-company accounts and transactions have been eliminated in consolidation.

The unaudited consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission and the FDIC. Accordingly, they do not include all the information and disclosures required by GAAP for annual financial statements. In management's opinion, the unaudited consolidated financial statements contain all adjustments, which include normal and recurring adjustments necessary for a fair presentation of the financial position and results of operations for the interim periods presented. The results of operations reported for interim periods are not necessarily indicative of the results of operations for the entire year or any subsequent interim period. These unaudited consolidated financial statements should be read in conjunction with the Company's annual report Annual Report onForm 10-Kfor the year ended December 31, 2022 December 31, 2023.

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PRINCETON BANCORP, INC.

Notes to Consolidated Financial Statements (unaudited)

Note 1 – Summary of Significant Accounting Policies (continued)

Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Because of uncertainties associated with estimating the amounts, timing and likelihood of possible outcomes, actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for credit losses, the valuation of acquired assets and liabilities, and evaluation of the potential impairment of goodwill.

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PRINCETON BANCORP, INC.

Notes to Consolidated Financial Statements (unaudited)

Note 1 – Summary of Significant Accounting Policies (continued)

Management believes that the allowance for credit losses is adequate as of September 30, 2023 and December 31, 2022 March 31, 2024. While management uses current information to recognize losses on loans, future additions to the allowance for credit losses may be necessary based on changes in economic conditions in the market area or other factors.

In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for credit losses. Such agencies may require the Company to effect certain changes that result in additions to the allowance based on their judgments about information available to them at the time of their examinations.

Reclassifications

Certain amounts in the prior year consolidated financial statements have been reclassified to conform to the current year's presentation.

Recent Accounting Pronouncements Not Yet Adopted

Recently adopted accounting standards

Effective January 1, 2023 the Company adopted the FASB The Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU")No. 2023-07in November 2023, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures". The amendments in this ASU require improved reportable segment information on an annual and interim basis, primarily through enhanced disclosures about significant segment expenses. This update will be effective for financial statements issued for fiscal years beginning after December 15, 2023, and interim periods for fiscal years beginning after December 15, 2024. Early adoption is permitted. The company has only one reportable segment, ASU2016-13, 2023-07"*Financial Instruments—Credit Losses,*" (CECL) which amends the Board's guidance on the impairment of financial instruments, using the modified retrospective method. The amended guidance requires financial assets measured at amortized cost to be presented at the net amount is not expected to be collected. The allowance for credit losses will represent a valuation account that is deducted from the amortized cost basis of the financial assets to present their net carrying value at the amount expected to be collected. The income statement will reflect the measurement of credit losses for newly recognized financial assets as well as expected increases or decreases of expected credit losses that have taken place during the period. When determining the allowance, expected credit losses over the contractual term of the financial asset(s) (taking into account prepayments) will be estimated considering relevant information about past events, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. Upon adoption of the new CECL standard, effective January 1, 2023, the Company recorded aone-timedecrease, net of tax, in retained earnings of $284 thousand, a reduction to the allowance for credit losses of $301 thousand and an increase in the reserve for unfunded liabilities of $695 thousand.

Effective January 1, 2023 the Company adopted the FASB issued ASU2022-02,"*Financial Instruments—Credit Losses Troubled Debt Restructurings and Vintage Disclosures,*" ("ASU2022-22").ASU2022-22eliminates the accounting guidance for troubled debt restructurings ("TDR's") for entities that have adopted the CECL model. ASU2022-22also requires that public business entities disclose current period gross charge-offs by year of origination for financing receivables and net investments in leases. The adoption of ASU2022-22did not have a material effect significant impact on the Company's consolidated financial statements.

ASUNo. 2023-09In December 2023, the FASB issued ASUNo. 2023-09,"Income Taxes (Topic 740): Improvements to Income Tax Disclosures". The amendments in the ASU require improved annual income tax disclosures surrounding rate reconciliation, income taxes paid, and other disclosures. This update will be effective for financial statements issued for fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the impact of this standard on the consolidated financial statements.

7ASU 2023-06, “Disclosure improvements” Amends disclosure or presentation requirements related to various subtopics in the FASB Accounting Standards Codification. The effective dates will depend, in part, on whether an entity is already subject to the SEC’s current disclosure requirements. This ASU is not expected to have a material impact on the Company’s consolidated financial statements.

Note 2 – Business Combinations

On May 19, 2023, the Company completed its acquisition of Noan Bank, a Pennsylvania chartered state bank headquartered in Elkins Park, Pennsylvania that primarily served the Philadelphia, North New Jersey and New York City markets. On that date the Company acquired 100% of the outstanding common stock of Noah Bank and Noah Bank was merged with and into the Bank.

In accordance with the terms of the acquisition agreement, the Company paid $6.00 per share of Noah’s common stock outstanding on the closing date.

The acquisition of Noah Bank was accounted for as a business combination using the acquisition method of accounting, and accordingly, the assets acquired, the liabilities assumed, and consideration transferred were recorded at their estimated fair value as of the acquisition. The $9.7 million below was recorded as a “Bargain Purchase” innon-interestincome on the Consolidated Statement of Income. This item was not taxable for the recording of income taxes on the Consolidated Statement of Income.

The following table summarizes the purchase price calculation and bargain purchase gain resulting from acquisition:

	Fair Value
(Dollars in thousands except per share data)	
Purchase Price Consideration in Cash for Noah Bank’s Outstanding Shares	
Noah Bank number of common shares outstanding	4,235,666
Purchase price per share assigned to cash consideration	$ 6.00
Cash consideration	$ 25,414
Assets Acquired:	
Cash and cash equivalents	$ 23,181
Securitiesavailable-for-sale	6,454
Loans receivable, net of allowance	185,891
Core deposit intangible	99
Premises and equipment	2,495
Operating leasesright-of-use	10,523
Deferred tax assets	4,308
Other assets	6,500
Fair value of assets acquired	239,451
Liabilities Assumed:	
Deposits	191,700
Operating lease liability	10,523
Other liabilities assumed	2,118
Fair value of liabilities assumed	204,341
Total identifiable net assets	35,110
Bargain purchase gain	$ (9,696)

The Company recorded merger-related expenses of $5.6 million, consisting of $2.5 million for termination of a branch lease, $1.7 million related to termination of data processing contract, $287 thousand for legal related expenses, $243 thousand for investment banker services, $184 thousand in severance payments, $115 thousand in professional services provided and $619

Note 2 – Business Combinations (continued)

thousand in other miscellaneous related expenses. In addition, the Company recorded a $1.7 million provision for thenon-purchasecredit deteriorated loans in connection with the acquisition.

While the valuation of the acquired assets and liabilities is substantially complete, fair value estimates related to the assets and liabilities from Noah Bank are subject to adjustment for up to one year after the closing date of the acquisition as additional information becomes available. Valuations subject to adjustment include, but are not limited to, investments, loans and deposits as management continues to review the estimated fair value and evaluate the assumed tax position. When the valuation is final, any changes to the preliminary valuation could result in adjustments of bargain purchase recorded.

The following is a description of the fair value methodologies used to estimate the fair values of major categories of assets acquired.

*Cash and due from banks:*The estimated fair values of cash and due from banks approximated their state value.

*Investment securities:*The acquired portfolio had a fair value of $6.5 million, primarily consisting of mortgage-backed securities and small business administration securities.

*Loans:*The Company recorded $185.9 million of acquired loans that were recorded at their estimated fair values as of the date of the acquisition. Fair values for loans were based on a discounted cash flow methodology that considered credit loss and prepayment expectations, market interest rates and other market factors, such as liquidity, from the perspective of a market participant. Loan cash flows were generated on an individual loan basis. The probability of default (“PD”), loss given default (“LGD”), exposure of default and prepayment assumptions are the key factors driving credit losses that are embedded in the estimated cash flows. The Company determined that $37.3 million of the acquired loans were purchased credit deteriorated (“PCD”) of which $34.5 million were performing and $2.6 million werenon-performingat the time of the acquisition.

Allowance for credit losses: The acquisition resulted in the addition of $2.3 million in the allowance for credit losses, including $537 thousand identified for purchase credit deteriorated loans.

Other assets: The Company acquired $2.5 million of premises and equipment and $10.5 million of operating leaseright-of-useassets and recorded the assets at fair value.

*Time deposits:*Time deposits were valued at the account level based on their remaining maturity dates and comparing the contractual cost of the portfolio to similar instruments. The valuation adjustment of $407 thousand will be accreted to expense over a five-year period.

Note 3 2 - Earnings Per Share

Basic earnings per share (“EPS”) is calculated by dividing net income by the weighted average number of common shares outstanding for the period. Diluted EPS is calculated by dividing net income by the weighted average number of common shares outstanding for the period adjusted to include the effect of outstanding stock options, if dilutive, using the treasury stock method. Shares issued during any period are weighted for the portion of the period they were outstanding.

The following schedule presents earnings per share data for the three-month periods ended September 30, 2023 March 31, 2024, and 2022 2023 (in thousands, except per share data):

	Three months ended September 30,	
	2023	2022
Net income applicable to common stock	$ 7,598	$ 6,975
Weighted average number of common shares outstanding	6,295	6,269
Basic earnings per share	$ 1.21	$ 1.12
Net income applicable to common stock	$ 7,598	$ 6,975
Weighted average number of common shares outstanding	6,295	6,269
Dilutive effect on common shares outstanding	95	109
Weighted average number of diluted common shares outstanding	6,390	6,378
Diluted earnings per share	$ 1.19	$ 1.09

The following schedule presents earnings per share data for the nine-month periods ended September 30, 2023 and 2022 (in thousands, except per share data):

	Nine months ended September 30,	
	2023	2022
Net income applicable to common stock	$ 20,483	$ 19,323
Weighted average number of common shares outstanding	6,275	6,345
Basic earnings per share	$ 3.26	$ 3.05
Net income applicable to common stock	$ 20,483	$ 19,323
Weighted average number of common shares outstanding	6,275	6,345
Dilutive effect on common shares outstanding	105	130
Weighted average number of diluted common shares outstanding	6,380	6,475
Diluted earnings per share	$ 3.21	$ 2.98

Note 32 - Earnings Per Share (continued)

	Three months ended March 31, 2024	2023
Net income applicable to common stock	$ 4,345	$ 6,097
Weighted average number of common shares outstanding	6,328	6,257
Basic earnings per share	$ 0.69	$ 0.97
Net income applicable to common stock	$ 4,345	$ 6,097
Weighted average number of common shares outstanding	6,328	6,257
Dilutive effect on common shares outstanding	90	129
Weighted average number of diluted common shares outstanding	6,418	6,386
Diluted earnings per share	$ 0.68	$ 0.95

The following schedule presents stock options granted but not exercised and the amount of share that were anti-dilutive because the weighted average exercise price equaled or exceeded the estimated fair value of our common stock for the three- three-months period ended March 31, 2024, and nine-month periods ended September 30, 2023 and 2022: 2023:

	Three months ended September 30, 2023 Options	2023 Weighted Ave Exercise Price	2022 Options	2022 Weighted Ave Exercise Price
Options to purchase	276,704	$ 19.56	278,627	$ 18.35
Anti-dilutive	95,750	$ 32.45	95,750	$ 32.45

	Nine months ended September 30, 2023 Options	2023 Weighted Ave Exercise Price	2022 Options	2022 Weighted Ave Exercise Price
Options to purchase	280,732	$ 19.49	316,513	$ 17.73
Anti-dilutive	95,750	$ 32.45	95,750	$ 32.45

	Three months ended March 31, 2024 Options	2024 Weighted Ave Exercise Price	2023 Options	2023 Weighted Ave Exercise Price
Options to purchase	245,633	$ 21.38	374,496	$ 22.01
Anti-dilutive	86,431	$ 33.19	—	$ —

PRINCETON BANCORP, INC.

Notes to Consolidated Financial Statements (unaudited)

Note 43 – Investment Securities

The following summarizes the amortized cost and fair value of securitiesavailable-for-saleat September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 with gross unrealized gains and losses therein:

March 31, 2024	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In thousands)			
Available-for-sale				
Mortgage-backed securities - U.S. government sponsored enterprises (GSEs)	$ 71,266	$ 153	$ (6,578)	$ 64,841
U.S. government agency securities	11,260	—	(1,078)	10,182
Obligations of state and political subdivisions	44,056	2	(3,378)	40,680
Small business association (SBA) securities	2,392	5	(2)	2,395
Total	$ 128,974	$ 160	$ (11,036)	$ 118,098

September 30, 2023	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale	(In thousands)			
Mortgage-backed securities—U.S. government sponsored enterprises (GSEs)	$ 47,917	$ 1	$ (7,875)	$ 40,043
U.S. government agency securities	6,260	—	(1,356)	4,904

Obligations of state and political subdivisions	44,063	—	(6,436)	37,627
Small business association (SBA) securities	2,817	2	(1)	2,818
Subordinated debentures	453	—	—	453
Small business investment company securities	2,799	—	(580)	2,219
Total	$ 104,309	$ 3	$ (16,248)	$ 88,064

	December 31, 2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale	(In thousands)			
Mortgage-backed securities—U.S. government sponsored enterprises (GSEs)	$ 41,515	$ 2	$ (6,602)	$ 34,915
U.S. government agency securities	6,260	—	(1,175)	5,085
Obligations of state and political subdivisions	45,161	8	(3,828)	41,341
Small business investment company securities	2,061	—	—	2,061
Total	$ 94,997	$ 10	$ (11,605)	$ 83,402

	December 31, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In thousands)			
Available-for-sale				
Mortgage-backed securities - U.S. government sponsored enterprises (GSEs)	$ 48,399	$ 219	$ (5,984)	$ 42,634
U.S. government agency securities	6,260	—	(969)	5,291
Obligations of state and political subdivisions	44,059	12	(3,262)	40,809
Small business association (SBA) securities	2,617	2	(1)	2,618
Total	$ 101,335	$ 233	$ (10,216)	$ 91,352

Note 43 – Investment Securities (continued)

The unrealized losses, categorized by the length of time of continuous loss position, and the fair value of related securitiesavailable-for-saleat September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 are as follows:

	Less than 12 Months		More than 12 Months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
			(In thousands)			
March 31, 2024						
Mortgage-backed securities - U.S. government sponsored enterprises (GSEs)	$ 7,494	$ (114)	$ 30,206	$ (6,464)	$ 37,700	$ (6,578)
U.S. government agency securities	4,998	(2)	5,184	(1,076)	10,182	(1,078)
Obligations of state and political subdivisions	6,788	(108)	31,196	(3,270)	37,984	(3,378)
Small business association (SBA) securities	816	(2)	—	—	816	(2)
Total	$ 20,096	$ (226)	$ 66,586	$ (10,810)	$ 86,682	$ (11,036)

	Less than 12 Months		More than 12 Months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
September 30, 2023			(In thousands)			
Mortgage-backed securities—U.S. government sponsored enterprises (GSEs)	$ 4,695	$ (180)	$ 30,434	$ (7,695)	$ 35,129	$ (7,875)
U.S. government agency securities	—	—	4,904	(1,356)	4,904	(1,356)
Obligations of state and political subdivisions	7,757	(473)	28,401	(5,963)	36,158	(6,436)
Small business association (SBA) securities	778	(1)	—	—	778	(1)
Small business investment company securities	—	—	2,219	(580)	2,219	(580)
Total	$ 13,230	$ (654)	$ 65,958	$ (15,594)	$ 79,188	$ (16,248)

	Less than 12 Months		More than 12 Months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2022			(In thousands)			
Mortgage-backed securities—U.S. government sponsored enterprises (GSEs)	$ 15,605	$ (1,778)	$ 19,137	$ (4,824)	$ 34,742	$ (6,602)

U.S. government agency securities	—	—	5,085	(1,175)	5,085	(1,175)
Obligations of state and political subdivisions	36,421	(3,457)	1,352	(371)	37,773	(3,828)
	$ 52,026	$ (5,235)	$ 25,574	$ (6,370)	$ 77,600	$ (11,605)

	Less than 12 Months		More than 12 Months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
			(In thousands)			
December 31, 2023						
Mortgage-backed securities - U.S. government sponsored enterprises (GSEs)	$ 2,858	$ (14)	$ 31,398	$ (5,970)	$ 34,256	$ (5,984)
U.S. government agency securities	—	—	5,291	(969)	5,291	(969)
Obligations of state and political subdivisions	5,117	(102)	30,646	(3,160)	35,763	(3,262)
Small business association (SBA) securities	723	(1)	—	—	723	(1)
	$ 8,698	$ (117)	$ 67,335	$ (10,099)	$ 76,033	$ (10,216)

The amortized cost and fair value of securitiesavailable-for-saleat September 30, 2023 March 31, 2024 by contractual maturity are shown below. Expected maturities will differ from contractual maturities as borrowers may have the right to call or prepay obligations with or without call or prepayment penalties:

	Amortized Cost	Fair Value
	(In thousands)	
Due in one year or less	$ 285	$ 284
Due after one year through five years	8,454	8,263
Due after five years through ten years	34,437	32,065
Due after ten years	12,140	10,250
Mortgage-backed securities (GSEs)	71,266	64,841
Small business association (SBA) securities	2,392	2,395
	$ 128,974	$ 118,098

	Amortized Cost	Fair Value
	(In thousands)	
Due in one year or less	$ —	$ —
Due after one year through five years	7,951	7,607
Due after five years through ten years	25,038	21,381
Due after ten years	17,787	13,996
Mortgage-backed securities (GSEs)	47,917	40,043
Small business association (SBA) securities	2,817	2,818
SBIC securities	2,799	2,219
	$ 104,309	$ 88,064

Note 43 – Investment Securities (concluded)

Proceeds from calls and maturities of securitiesavailable-for-salesecurities amounted to $ 241 thousand were not significant for the three-month period ended September 30, 2023, for which there was March 31, 2024.

The Company uses a $6 thousand loss, and $1.1 million for the nine-month period ended September 30, 2023, for which there was a $6 thousand loss Proceeds from calls and maturities ofavailable-for-salesecurities amounted to $3.0 million for the nine-month period ended September 30, 2022, for which there was a $2 thousand gain.

On January 1, 2023, the Company adopted ASU2016-13and implemented the defined CECL methodology for allowance for credit losses on its investment securitiesavailable-for-sale.The new CECL methodology replaces the other-than-temporary impairment model that previously existed. The Company did not have a CECL day 1 impact attributable to its investment securities portfolio and did not have an allowance for credit losses on its investment securities available for sale available-for-saleas of September 30, 2023 March 31, 2024.

The Company's securities primarily consist of the following types of instruments; U.S. guaranteed mortgage-backed securities, U.S guaranteed agency bonds, state and political subdivision issued bonds one small business investment company security and mortgage related securities guaranteed by the U.S. government and a subordinate debenture acquired from Noah Bank. SBA We believe it is reasonable to expect that the securities with a credit guarantee of the U.S. government will have azero-creditloss. Therefore, no reserve was recorded for U.S. guaranteed securities or bonds at September 30, 2023 March 31, 2024. The state and political subdivision securities carry a minimum investment rating of A. A by either Moody's or Standard and Poor. Some of the smaller municipalities also have insurance to cover the Company in the event of default. Therefore, the Company expects to have did not project azero-credit credit loss and therefore no reserve was recorded as of September 30, 2023 March 31, 2024.

At September 30, 2023 March 31, 2024, the Company'savailable-for-salesecurities portfolio consisted of approximately 222 227 securities, of which 157 164available-for-salesecurities were in an unrealized loss position for more than twelve months and 47 30available-for-salesecurities were in a loss position for less than twelve months. Theavailable-for-salesecurities in a loss position for more than twelve months consisted of 96 98 municipal securities aggregating $28.4 $31.2 million with a loss of $6.0 $3.3 million, 57 62 mortgage-backedsecurities-GSEaggregating $30.4 $30.2 million with a loss of $7.7 $6.5 million and four agency securities aggregating $4.9 $5.2 million with a loss of $1.4 $1.1 million. The Company does not intend to sell these securities, and it is not more likely than not that we will be required to sell these securities before recovery of their amortized cost basis. Unrealized losses primarily relate to interest rate fluctuations and not credit concerns. No credit loss charges were recorded for the three and nine months ended September 30, 2023 and 2022.

There are no securities pledged as of September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023.

Note 5 4 – Loans Receivable

Loans receivable, net at September 30, 2022 March 31, 2024 and December 31, 2022 December 31, 2023 were comprised of the following:

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
	(In thousands)		(In thousands)	
Commercial real estate	$ 1,080,288	$ 873,573	$ 1,162,741	$ 1,142,864
Commercial and industrial	52,157	28,859	45,930	50,961
Construction	320,824	417,538	321,009	310,187
Residential first-lien mortgage	39,682	43,125	36,565	38,040
Home equity/consumer	7,860	9,729	7,311	8,081
Total loans	1,500,811	1,372,824	1,573,556	1,550,133
Deferred fees and costs	(2,311)	(2,456)	(2,325)	(1,798)
Loans, net	$ 1,498,500	$ 1,370,368	$ 1,571,231	$ 1,548,335

Except as discussed in Note 2 regarding the Noah Bank acquisition, the The Company did not purchase any loans during the three and nine months ended September 30, 2023 and 2022, respectively. March 31, 2024, or 2023.

Notes to Note 5 4 – Loans Receivable (continued)

Upon adoption of CECL, the Company elected to use uses the discounted cash flow methodology in determining the appropriate quantitative adjustments, which projects future losses, based on historical and peer loss data, as part of the allowance for credit losses ("ACL") reserve. Qualitative adjustments include and consider changes in national, regional, and local economic and business conditions, an assessment of the lending environment, including underwriting standards, and other factors affecting credit quality. There were no significant changes to the Company's ACL methodology for the quarter ended March 31, 2024.

The following table presents the components of the allowance for credit losses:

	September 30, 2023	December 31, 2022
	(In thousands)	
Allowance for credit losses—loans	$ (17,992)	$ (16,461)
Allowance for credit losses—off balance sheet	(517)	(332)
	$ (18,509)	$ (16,793)

	March 31, 2024	December 31, 2023
	(In thousands)	
Allowance for credit losses - loans	$ (18,618)	$ (18,492)
Allowance for credit losses - off balance sheet	(473)	(589)

	$ (19,091)	$ (19,081)

The following table presents nonaccrual loans by segment of the loan portfolio as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

	September 30, 2023		December 31, 2022	
	With a Related Allowance	Without a Related Allowance	With a Related Allowance	Without a Related Allowance
	(In thousands)			
Commercial real estate	$ —	$ 4,485	$ —	$ —
Commercial and industrial	—	2,159	—	—
Construction	—	—	148	—
Residential first-lien mortgage	—	109	—	118
Total nonaccrual loans	$ —	$ 6,753	$ 148	$ 118

	March 31, 2024		December 31, 2023	
	With a Related Allowance	Without a Related Allowance	With a Related Allowance	Without a Related Allowance
	(In thousands)			
Commercial real estate	$ 110	$ 1,235	$ —	$ 4,485
Commercial and industrial	40	$ 596	—	2,116
Construction	—	—	—	—
Residential first-lien mortgage	—	134	—	107
Total nonaccrual loans	$ 150	$ 1,965	$ —	$ 6,708

The calculation of the allowance for credit losses does not include any accrued interest receivable. The Company's policy is to write off any interest not collected after 90 days. During the nine-month three-month period ending September 30, 2023 March 31, 2024, the Company wrote off $366 $310 thousand in accrued interest receivable for loans. loans, compared to $130 thousand for the three-month period ending March 31, 2023. Accrued interest receivable related to loans, at March 31, 2024, and March 31, 2023, was $5.6 million and $4.3 million, respectively. The performance and credit quality of the loan portfolio is also monitored by analyzing the age of the loan receivables by the length of time a recorded payment is past due. The following table presents the segments of the loan portfolio, summarized by the past due status as of September 30, 2023 March 31, 2024:

	30-59 Days Past Due	60-89 Days Past Due	>90 Days Past Due	Total Past Due	Current	Total Loans Receivable	Loans Receivable >90 Days and Accruing
	(In thousands)						
Commercial real estate	$ 152	$ 1,844	$ 4,485	$ 7,896	$ 1,072,392	$ 1,080,288	$ —
Commercial and industrial	34	873	2,159	1,651	50,506	52,157	—
Construction	—	—	—	—	320,824	320,824	—
Residential first-lien mortgage	—	31	109	140	39,542	39,682	—
Home equity/consumer	—	47	—	47	7,813	7,860	—
Total	$ 186	$ 2,795	$ 6,753	$ 9,734	$ 1,491,077	$ 1,500,811	$ —

	30-59 Days Past Due	60-89 Days Past Due	>90 Days Past Due	Total Past Due	Current	Total Loans Receivable	Loans Receivable >90 Days and Accruing
				(In thousands)			
Commercial real estate	$ 356	$ 841	$ 1,345	$ 2,542	$ 1,160,199	$ 1,162,741	$ —
Commercial and industrial	232	274	636	1,142	44,788	45,930	—
Construction	—	—	—	—	321,009	321,009	—
Residential first-lien mortgage	27	—	134	161	36,404	36,565	—
Home equity/consumer	—	—	—	—	7,311	7,311	—
Total	$ 615	$ 1,115	$ 2,115	$ 3,845	$ 1,569,711	$ 1,573,556	$ —

Note 5 4 – Loans Receivable (continued)

The following table presents the segments of the loan portfolio summarized by the past due status as of December 31, 2022 December 31, 2023:

	30-59 Days Past Due	60-89 Days Past Due	Greater than 90 days	Total Past Due	Current	Total Loans Receivable	Receivable >90 Days and Accruing
				(In thousands)			
Commercial real estate	$ —	$ 6,193	$ —	$ 6,193	$ 867,380	$ 873,573	$ —
Commercial and industrial	—	—	—	—	28,859	28,859	—
Construction	—	—	148	148	417,390	417,538	—
Residential first-lien mortgage	1,292	—	118	1,410	41,715	43,125	—
Home equity/consumer	255	—	184	439	9,290	9,729	184
Total	$ 1,547	$ 6,193	$ 450	$ 8,190	$ 1,364,634	$ 1,372,824	$ 184

	30-59 Days Past Due	60-89 Days Past Due	>90 Days Past Due	Total Past Due	Current	Total Loans Receivable	Loans Receivable >90 Days and Accruing
				(In thousands)			
Commercial real estate	$ 159	$ —	$ 4,485	$ 4,644	$ 1,138,220	$ 1,142,864	$ —
Commercial and industrial	303	—	2,116	2,419	48,542	50,961	—
Construction	—	—	—	—	310,187	310,187	—
Residential first-lien mortgage	—	—	107	107	37,933	38,040	—
Home equity/consumer	29	—	—	29	8,052	8,081	—
Total	$ 491	$ —	$ 6,708	$ 7,199	$ 1,542,934	$ 1,550,133	$ —

The Company categorizes all loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation and current economic trends, among other factors. The Company evaluates risk ratings on an ongoing basis and assigns one of the following ratings: pass, special mention, substandard and doubtful. The Company engages a third party to review its assessment on a semiannual basis. The Company classifies residential and consumer loans as either performing or nonperforming based on payment status.

The following table summarizes total loans by year of origination, internally assigned credit grades and risk characteristics as of March 31, 2024.

Note 54 – Loans Receivable (continued)

	2024	2023	2022	2021	2020	Prior	Revolving Loans	Total
				(Dollars in thousands)				
Commercial real estate								
Pass	$ 25,851	$ 134,137	$ 244,778	$ 116,312	$ 61,828	$ 574,323	$ 5,512	$ 1,162,741
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Total commercial real estate	25,851	134,137	244,778	116,312	61,828	574,323	5,512	1,162,741
Current period grosscharge-offs						(237)		(237)
Commercial and industrial								
Pass	653	563	1,615	11,702	148	12,158	12,230	39,069
Special mention	—	—	—	—	—	4,508	—	4,508
Substandard	—	—	—	—	500	1,853	—	2,353
Total commercial and industrial	653	563	1,615	11,702	648	18,519	12,230	45,930
Current period grosscharge-offs						(46)		(46)
Construction								
Pass	6,050	5,832	17,809	83,849	11,371	7,391	188,707	321,009
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Total construction	6,050	5,832	17,809	83,849	11,371	7,391	188,707	321,009
Residential first-lien mortgage								
Performing	—	—	966	3,805	2,816	28,846	—	36,433
Nonperforming	—	—	—	—	—	132	—	132
Total residential first-lien mortgage	—	—	966	3,805	2,816	28,978	—	36,565
Home equity/consumer								
Performing	223	546	1,371	298	3	1,893	2,949	7,283
Nonperforming	—	—	28	—	—	—	—	28

Total home equity/consumer	223	546	1,399	298	3	1,893	2,949	7,311
Total								
Pass	32,777	141,078	266,539	215,966	76,166	624,611	209,398	1,566,535
Special mention	—	—	—	—	—	4,508	—	4,508
Substandard	—	—	28	—	500	1,985	—	2,513
Total loans	$ 32,777	$ 141,078	$ 266,567	$ 215,966	$ 76,666	$ 631,104	$ 209,398	$ 1,573,556

Note 4 – Loans Receivable (continued)

The following table summarizes total loans by year of origination, internally assigned credit grades and risk characteristics as of September 30, 2023 December 31, 2023.

	2023	2022	2021	2020	2019	Prior	Revolving Loans	Total
				(Dollars in thousands)				
Commercial real estate								
Pass	$ 47,531	$ 235,341	$ 119,682	$ 54,153	$ 173,138	$ 428,018	$ 15,164	$ 1,073,027
Special mention	—	—	—	—	—	2,776	—	2,776
Substandard	—	—	—	—	—	4,485	—	4,485
Total commercial real estate	47,531	235,341	119,682	54,153	173,138	435,279	15,164	1,080,288
Current-period gross charge-offs	—	—	—	—	—	*1,718*	—	*1,718*
Commercial and industrial								
Pass	1,749	6,041	1,143	1,987	8,019	23,809	6,564	49,312
Special mention	—	—	—	—	—	686	—	686
Substandard	—	—	—	—	—	2,159	—	2,159
Total commercial and industrial	1,749	6,041	1,143	1,987	8,019	26,654	6,564	52,157
Current-period gross charge-offs	—	—	—	—	—	*2*	—	*2*
Construction								
Pass	792	4,409	89,500	14,682	5,000	4,414	202,027	320,824
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Total construction	792	4,409	89,500	14,682	5,000	4,414	202,027	320,824
Current-period gross charge-offs	—	—	—	—	—	*148*	—	*148*
Residential first-lien mortgage								
Performing	—	993	5,635	2,863	1,562	28,520	—	39,573
Nonperforming	—	—	—	—	—	109	—	109
Total residential first-lien mortgage	—	993	5,635	2,863	1,562	28,629	—	39,682
Home equity/consumer								
Performing	1,045	38	319	4	—	3,548	2,906	7,860
Nonperforming	—	—	—	—	—	—	—	—
Total home equity/consumer	1,045	38	319	4	—	3,548	2,906	7,860
Total loans receivable								
Pass	51,117	246,822	216,279	73,689	187,719	488,309	226,661	1,490,596
Special mention	—	—	—	—	—	3,462	—	3,462
Substandard	—	—	—	—	—	6,753	—	6,753
Total loans receivable	$ 51,117	$ 246,822	$ 216,279	$ 73,689	$ 187,719	$ 498,524	$ 226,661	$ 1,500,811

	2023	2022	2021	2020	2019	Prior	Revolving Loans	Total
				(Dollars in thousands)				
Commercial real estate								

Pass	$ 132,834	$ 233,436	$ 116,836	$ 53,574	$ 175,991	$ 417,417	$ 5,551	$ 1,135,639
Special mention	—	—	—	—	—	2,740	—	2,740
Substandard	—	—	—	—	—	4,485	—	4,485
Total commercial real estate	132,834	233,436	116,836	53,574	175,991	424,642	5,551	1,142,864
Current period gross charge-offs						*1,718*		*1,718*
Commercial and industrial								
Pass	2,098	2,304	11,925	1,962	1,133	13,954	15,045	48,421
Special mention	—	—	—	—	—	500	—	500
Substandard	—	—	—	—	—	2,040	—	2,040
Total commercial and industrial	2,098	2,304	11,925	1,962	1,133	16,494	15,045	50,961
Current period gross charge-offs						*55*		*55*
Construction								
Pass	5,832	18,379	91,774	19,216	—	8,484	166,502	310,187
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Total construction	5,832	18,379	91,774	19,216	—	8,484	166,502	310,187
Current period gross charge-offs						*148*		*148*
Residential first-lien mortgage								
Performing	—	979	4,792	2,839	1,545	27,778	—	37,933
Non performing	—	—	—	—	—	107	—	107
Total residential first-lien mortgage	—	979	4,792	2,839	1,545	27,885	—	38,040
Current period gross charge-offs						*2*		*2*
Home equity/consumer								
Performing	1,153	1,016	1,172	—	—	1,606	3,134	8,081
Nonperforming	—	—	—	—	—	—	—	—
Total home equity/consumer	1,153	1,016	1,172	—	—	1,606	3,134	8,081
Total								
Pass/performing	141,917	256,114	226,499	77,591	178,669	469,239	190,232	1,540,261
Special mention	—	—	—	—	—	3,240	—	3,240
Substandard /non performing	—	—	—	—	—	6,632	—	6,632
Total loans	$ 141,917	$ 256,114	$ 226,499	$ 77,591	$ 178,669	$ 479,111	$ 190,232	$ 1,550,133

The following table presents the classes of allowance for credit losses on loans receivable at and for the loan portfolio summarized by the aggregate pass rating and the classified ratings of special mention, substandard and doubtful within the Company's internal risk rating system as of December 31, 2022 three months ended March 31, 2024:

	Pass	Special Mention	Substandard	Doubtful	Total
			(In thousands)		
Commercial real estate	$ 864,497	$ 2,883	$ 6,193	$ —	$ 873,573
Commercial and industrial	28,350	509	—	—	28,859
Construction	417,390	—	148	—	417,538
Residential first-lien mortgage	43,007	—	118	—	43,125
Home equity/consumer	9,729	—	—	—	9,729
Total with no related allowance	$ 1,362,973	$ 3,392	$ 6,459	$ —	$ 1,372,824

	Commercial real estate	Commercial and industrial	Construction	Residential first-lien mortgage	Home equity/ consumer	Total
			(In thousands)			
Allowance for credit losses:						
Beginning balance	$ 16,047	$ 488	$ 1,145	$ 725	$ 87	$ 18,492
Provision[1]	631	(31)	(124)	(153)	(21)	302
Charge-offs	(237)	(46)	—	—	—	(283)
Recoveries	5	102	—	—	—	107
Total	$ 16,446	$ 513	$ 1,021	$ 572	$ 66	$ 18,618

1 The provision for credit losses on the Consolidated Statement of Income is $186,000 comprising of a $302,000 thousand increase to the ACL for loans and a $116,000 reduction to the reserve for unfunded liabilities.

Note 5 4 – Loans Receivable (continued)

The following table presents the allowance for credit losses on loans receivable at and for the three months ended September 30, 2023 March 31, 2023:

	Commercial real estate	Commercial and industrial	Construction	Residential first-lien mortgage	Home equity/ consumer	Unallocated	Total
				(In thousands)			
Allowance for credit losses:							
Beginning balance	$ 12,123	$ 407	$ 4,529	$ 661	$ 250	$ —	$ 17,970
Provision[1]	3,301	(81)	(3,219)	160	(161)	—	—
Charge-offs	—	—	—	—	—	—	—
Recoveries	4	18	—	—	—	—	22
Total	$ 15,428	$ 344	$ 1,310	$ 821	$ 89	$ —	$ 17,992
Ending Balance:							
Individually evaluated	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Collectively evaluated	15,428	344	1,310	821	89	—	17,992
	$ 15,428	$ 344	$ 1,310	$ 821	$ 89	$ —	$ 17,992

	Commercial real estate	Commercial and industrial	Construction	Residential first-lien mortgage	Home equity/ consumer	PPP	Unallocated	Total
				(In thousands)				
Allowance for credit losses:								
Beginning balance	$ 8,654	$ 271	$ 6,289	$ 236	$ 45	$ —	$ 966	$ 16,461
CECL adoption	1,384	(73)	(1,269)	428	195	—	(966)	(301)
Provision[1]	(4)	16	329	(10)	13	—	—	344
Charge-offs	—	—	—	—	—	—	—	—
Recoveries	3	—	—	—	—	—	—	3
Total	$ 10,037	$ 214	$ 5,349	$ 654	$ 253	$ —	$ —	$ 16,507

1 The credit provision for credit losses on the Consolidated Statement of Income is a credit of $182 thousand comprising a $182 thousand reduction to the reserve for unfunded liabilities.

The following table presents the recorded investment in loans receivable at September 30, 2023:

	Commercial real estate	Commercial and industrial	Construction	Residential first-lien mortgage	Home equity/ consumer	Unallocated	Total
				(In thousands)			
Loans:							
Ending balance:							
Individually evaluated	$ 4,485	$ 2,232	$ 2,925	$ 111	$ —	$ —	$ 9,753
Collectively evaluated	1,075,803	49,925	317,899	39,571	7,860	—	1,491,058
Ending balance	$ 1,080,288	$ 52,157	$ 320,824	$ 39,682	$ 7,860	$ —	$ 1,500,811

The following table presents the allowance for loan losses on loans receivables at and for the three months ended September 30, 2022:

	Commercial real estate	Commercial and industrial	Construction	Residential first-lien mortgage	Home equity/ consumer	Unallocated	Total
				(In thousands)			
Allowance for loan losses:							
Beginning balance	$ 8,683	$ 279	$ 6,430	$ 259	$ 50	$ 965	$ 16,666
Provision	413	11	(304)	(8)	(5)	93	200
Charge-offs	(200)	—	—	—	—	—	(200)
Recoveries	—	—	—	—	—	—	—
Total	$ 8,896	$ 290	$ 6,126	$ 251	$ 45	$ 1,058	$ 16,666

Note 5 – Loans Receivable (continued)

The following table presents the allowance for credit losses on loans receivable at and for the nine months ended September 30, 2023:

	Commercial real estate	Commercial and industrial	Construction	Residential first-lien mortgage	Home equity/ consumer	Unallocated	Total
				(In thousands)			
Allowance for credit losses:							
Beginning balance	$ 8,654	$ 271	$ 6,289	$ 236	$ 45	$ 966	$ 16,461
CECL adoption	1,384	(73)	(1,269)	428	195	(966)	(301)
CECL day 1 provision	1,586	105	—	16	—	—	1,707
Purchased credit deteriorated loans	499	102	—	—	—	—	601
Provision[1]	4,994	(84)	(3,562)	143	(151)	—	1,340
Charge-offs	(1,718)	—	(148)	(2)	—	—	(1,868)
Recoveries	29	23	—	—	—	—	52
Total	$ 15,428	$ 344	$ 1,310	$ 821	$ 89	$ —	$ 17,992

[1] The provision for credit losses on the Consolidated Statement of Income is $2.5 million $265,000 comprising $1.7 million related tonon-PCDloans acquired, a $1.3 million $344,000 increase to the allowance for credit losses on loans and a $501 thousand $79,000 reduction to the reserve for unfunded liabilities.

As of March 31, 2024, the Company had six loans totaling $2.1 million that were individually analyzed for potential credit loss and all the loans have real estate as credit support. Compared to December 31, 2023, the Company had nine loans totaling $6.7 million that were individually analyzed for potential credit loss.

The following table presents Occasionally, the Company will modify the contractual terms of loans to a borrower experiencing financial difficulties as a way to mitigate loss, proactively work with borrowers in financial difficulty, or to comply with regulations regarding the treatment of certain bankruptcy filing and discharge situations. Typically, such concessions may consist of a reduction in interest rate to a below market rate, taking into account the credit quality of the note, extension of additional credit base on receipt of adequate collateral, or a deferment or reduction of payments (principal or interest) which materially alters the Company's position or significantly extends the note's maturity date, such that the present value of cash flows to be received is materially less than those contractually established at the loan's origination. When principal forgiveness is provided, the amount forgiven is charged off against the allowance for credit losses on loans receivable at and for the nine months ended September 30, 2022: loans.

	Commercial real estate	Commercial and industrial	Construction	Residential first-lien mortgage	Home equity/ consumer	Unallocated	Total
				(In thousands)			
Allowance for loan losses:							
Beginning balance	$ 7,458	$ 713	$ 7,228	$ 267	$ 48	$ 906	$ 16,620
Provision	1,592	(423)	(1,102)	(16)	(3)	152	200
Charge-offs	(400)	—	—	—	—	—	(400)
Recoveries	246	—	—	—	—	—	246
Total	$ 8,896	$ 290	$ 6,126	$ 251	$ 45	$ 1,058	$ 16,666

The following table presents the recorded investment of loans receivables and allowance for loan losses at December 31, 2022:

	Commercial real estate	Commercial and industrial	Construction	Residential first-lien mortgage	Home equity/ consumer	Unallocated	Total
				(In thousands)			
Loans:							
Ending Balance:							
Individually evaluated for impairment	$ 12,030	$ 10	$ 148	$ 118	$ 71	$ —	$ 12,377
Collectively evaluated for impairment	861,543	28,849	417,390	43,007	9,658	—	1,360,447
Ending balance	$ 873,573	$ 28,859	$ 417,538	$ 43,125	$ 9,729	$ —	$ 1,372,824
Allowance for loan losses:							
Ending Balance:							
Individually evaluated for impairment	$ —	$ —	$ 118	$ —	$ —	$ —	$ 118
Collectively evaluated for impairment	8,654	271	6,171	236	45	966	16,343
	$ 8,654	$ 271	$ 6,289	$ 236	$ 45	$ 966	$ 16,461

Note 5 – Loans Receivable (continued)

With the adoption of CECL, performing TDRs are no longer reported for the current period. At December 31, 2022 there were three loans classified as TDR loans totaling $5.9 million and each of these loans was performing in accordance with the agreed-upon terms. There were no loans modified during the nine months ended September 30, 2023.

Note 6 – Deposits

The components of deposits were as follows:

	March 31, 2024		December 31, 2023	
	(Dollars in thousands)			
Demand,non-interest-bearingchecking	$ 247,056	14.48 %	$ 249,282	15.24 %
Demand, interest-bearing checking	215,364	12.63 %	247,939	15.16 %
Savings	149,386	8.76 %	146,484	8.96 %
Money market	378,652	22.20 %	354,005	21.64 %
Time deposits, $250,000 and over	179,479	10.52 %	173,614	10.61 %
Time deposits, other	535,683	31.41 %	464,417	28.39 %
	$ 1,705,620	100.00 %	$ 1,635,741	100.00 %

	September 30, 2023		December 31, 2022	
	(Dollars in thousands)			
Demand,non-interest-bearingchecking	$ 264,197	16.13 %	$ 265,078	19.67 %
Demand, interest-bearing checking	239,902	14.65 %	269,737	20.01 %
Savings	147,113	8.98 %	190,686	14.15 %
Money market	349,505	21.34 %	283,652	21.05 %
Time deposits, $250,000and over	144,158	8.80 %	83,410	6.19 %
Time deposits, other	493,091	30.10 %	255,167	18.93 %
	$ 1,637,966	100.00 %	$ 1,347,730	100.00 %

Note 7 6 – Borrowings

At September 30, 2023 March 31, 2024, and December 31, 2023, the Company had no overnight borrowings outstanding. At December 31, 2022, the Company had $10.0 million of overnight borrowings outstanding at a rate of 4.61%.

Note 8 7 – Fair Value Measurements and Disclosures

The Company follows the guidance on fair value measurements now codified as FASB ASC Topic 820,*Fair Value Measurement*("Topic 820"). Fair value measurements are not adjusted for transaction costs. Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

Management uses its best judgment in estimating the fair value of the Company's financial instruments, however, there are inherent weaknesses in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates herein are not necessarily indicative of the amounts the Company could have realized in sales transactions on the dates indicated. The estimated fair value amounts have been measured as of their respectiveperiod-endand have not beenre-evaluatedor updated for the purposes of these consolidated financial statements subsequent to those respective dates. As such, the estimated fair values of these financial instruments subsequent to the respective reporting dates may be different from the amounts reported at eachperiod-end.

The fair value measurement hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

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

Level 2: Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability.

Note 8 – Fair Value Measurements and Disclosures (continued)

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported with little or no market activity).

An asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

For financial assets measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy used at March 31, 2024 were as follows:

Description	(Level 1) Quoted Price in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs	Total Fair Value March 31, 2024
	(In thousands)			
Mortgage-backed securities-U.S.government sponsored enterprise (GSEs)	$ —	$ 64,841	$ —	$ 64,841
U.S. government agency securities	—	10,182	—	10,182
Obligations of state and political subdivisions	—	40,680	—	40,680
Small Business Association (SBA) securities	—	2,395	—	2,395
Securitiesavailable-for-saleat fair value	$ —	$ 118,098	$ —	$ 118,098

Note 7 – Fair Value Measurements and Disclosures (continued)

For financial assets measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy, used at September 30, 2023 December 31, 2023 were as follows:

Description	(Level 1) Quoted Price in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs	Total Fair Value September 30, 2023
	(In thousands)			
Mortgage-backed securities-U.S.government sponsored enterprise (GSEs)	$ —	$ 40,043	$ —	$ 40,043
U.S. government agency securities	—	4,904	—	4,904
Obligations of state and political subdivisions	—	37,627	—	37,627
Small Business Association (SBA) securities	—	2,818	—	2,818
Subordinated debentures	—	453	—	453
SBIC securities	—	—	2,219	2,219
Securitiesavailable-for-saleat fair value	$ —	$ 85,845	$ 2,219	$ 88,064

For financial assets measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy, used at December 31, 2022 were as follows:

Description	(Level 1) Quoted Price in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs	Total Fair Value December 31, 2022
	(In thousands)			
Mortgage-backed securities-U.S.government sponsored enterprise (GSEs)	$ —	$ 34,915	$ —	$ 34,915
U.S. government agency securities		5,085	—	5,085
Obligations of state and political subdivisions	—	41,341	—	41,341
SBIC securities	—	—	2,061	2,061
Securitiesavailable-for-saleat fair value	$ —	$ 81,341	$ 2,061	$ 83,402

Note 8 – Fair Value Measurements and Disclosures (continued)

Description	(Level 1) Quoted Price in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs	Total Fair Value December 31, 2023
		(In thousands)		
Mortgage-backed securities-U.S.government sponsored enterprise (GSEs)	$ —	$ 42,634	$ —	$ 42,634
U.S. government agency securities		5,291	—	5,291
Obligations of state and political subdivisions	—	40,809	—	40,809
Small Business Association (SBA) securities	—	2,618	—	2,618
Securitiesavailable-for-saleat fair value	$ —	$ 91,352	$ —	$ 91,352

For assets measured at fair value on a nonrecurring basis, the fair value measurements by level within the fair value hierarchy used at September 30, 2023 March 31, 2024, were as follows.

Description	(Level 1) Quoted Price in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs	Total Fair Value September 30, 2023
		(In thousands)		
Collateral dependent loan	$ —	$ —	$ 4,485	$ 4,485
	$ —	$ —	$ 4,485	$ 4,485

Description	(Level 1) Quoted Price in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs	Total Fair Value March 31, 2024
		(In thousands)		
Collateral dependent loan	$ —			
		$ —	$ 95	$ 95
	$ —	$ —	$ 95	$ 95

The following table presents quantitative information using Level 3 fair value measurements at September 30, 2023 March 31, 2024.

Description	September 30, 2023	Valuation Technique	Unobservable Input	Range (Weighted Average)
		(Dollars in thousands)		
Collateral dependent loan	$ 4,485	Collateral [1]	Discount adjustment	0.0% (0.0%)

Description	March 31, 2024	Valuation Technique	Unobservable Input	Range (Weighted Average)
		(Dollars in thousands)		
Collateral dependent loan	$ 95	Collateral [1]	Discount adjustment	6.0% (6.0%)

[1] Value based on third party offer to purchase note from the Bank.

Note 7 – Fair Value Measurements and Disclosures (continued)

For assets measured at fair value on a nonrecurring basis, the fair value measurements by level within the fair value hierarchy used at December 31, 2022 December 31, 2023, were as follows:

Description	(Level 1) Quoted Price in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs	Total Fair Value December 31, 2022
			(In thousands)	

Impaired loans	$ —	$ —	$ 30	$ 30
	$ —	$ —	$ 30	$ 30

Note 8 – Fair Value Measurements and Disclosures (continued)

Description	(Level 1) Quoted Price in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs	Total Fair Value December 31 2023
	(In thousands)			
Collateral dependent loan	$ —	$ —	$ 4,485	$ 4,485
	$ —	$ —	$ 4,485	$ 4,485

The following table presents quantitative information using Level 3 fair value measurements at December 31, 2022 December 31, 2023.

Description	Fair Value December 31, 2022	Valuation Technique	Unobservable Input	Range (Weighted Average)
	(Dollars in thousands)			
Impaired loans	$ 30	Collateral [1]	Discount adjustment	6.0% (6.0%)
Description	**December 31, 2023**	**Valuation Technique**	**Unobservable Input**	**Range (Weighted Average)**
	(Dollars in thousands)			
Collateral dependent loan	$ 4,485	Collateral [1]	Discount adjustment	0.0% (0.0%)

[1] Fair value is generally determined through independent appraisal of Value based on third party offer to purchase note from the underlying collateral, primarily using comparable sales.
Bank.

There were no transfers between fair value hierarchy levels during the nine three months ended September 30, 2023 and 2022. March 31, 2024 or 2023. The Company's policy is to recognize transfers between levels as of the end of the reporting period.

The following methods and assumptions were used by the Company in estimating fair value disclosures:

Investment Securities

The fair value of securitiesavailable-for-sale(carried at fair value) andheld-to-maturity(carried at amortized cost) are determined by obtaining quoted market prices on nationally recognized securities exchanges (Level 1), or matrix pricing (Level 2), which is a mathematical technique used widely in the industry to value debt securities without relying exclusively on quoted market prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted prices.

Level 2 debt securities are valued by a third-party pricing service commonly used in the banking industry, and not adjusted by management. Level 2 fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U.S. treasury yield curve, live trading levels, trade execution date, market consensus prepayment speeds, credit information and the security's terms and conditions, among other things.

Level 3 securities are securities with no observable market prices. The SBIC fund's underlying collateral is valued using prices obtained from pricing vendors or brokers, typically using at least two pricing vendors for the subject or similar securities. When vendor pricing is not available, a fair value is composed of quotes for the subject or quotes for similar securities from broker dealers.

Impaired Individual evaluated loans (generally carried at fair value)

Impaired Individual loans carried at fair value are those impaired loans in which the Company has measured impairment for a reserve and are generally based on the fair value of the related loan's collateral. Fair value is generally determined based upon independent third-party appraisals of the properties, or discounted cash flows based upon the expected proceeds, discounted for estimated selling costs or other factors the Company determines will impact collection of proceeds. These assets are included as Level 3 fair values, based upon the lowest level of input that is significant to the fair value measurements.

Note 87 – Fair Value Measurements and Disclosures (continued)

The carrying amounts and estimated fair value of financial instruments at September 30, 2023March 31, 2024 are as follows.

	September 30, 2023				
	Carrying Amount	Estimated Fair Value	Level 1	Level 2	Level 3
			(In thousands)		
Financial Assets:					
Cash and cash equivalents	$ 206,931	$ 206,931	$ 206,931	$ —	$ —
Securitiesavailable-for-saleat fair value	88,064	88,064	—	85,845	2,219
Securitiesheld-to-maturity	195	189	—	189	—
Loans receivable, net	1,480,508	1,470,144	—	—	1,470,144
Restricted investments in bank stock	1,385	1,385	—	1,385	—
Accrued interest receivable	5,783	5,783	—	5,783	—
Financial Liabilities:					
Deposits	$ 1,637,966	$ 1,534,774	$ —	$ 1,534,774	$ —
Accrued interest payable	10,243	10,243	—	10,243	—

	March 31, 2024				
	Carrying Amount	Estimated Fair Value	Level 1	Level 2	Level 3
			(In thousands)		
Financial Assets:					
Cash and cash equivalents	$ 172,067	$ 172,067	$ 172,067	$ —	$ —
Securitiesavailable-for-saleat fair value	118,098	118,098	—	118,098	—
Securitiesheld-to-maturity	167	167	—	167	—
Loans receivable, net	1,552,613	1,495,787	—	—	1,495,787
Restricted investments in bank stock	1,398	1,398	—	1,398	—
Accrued interest receivable	6,405	6,405	—	6,405	—
Equity method investments	9,051	9,051	—	5,900	3,151
Mortgage servicing rights	1,383	1,383	—	1,383	—
Financial Liabilities:					
Deposits	$ 1,705,620	1,705,620	$ —	$ 1,705,620	$ —
Accrued interest payable	11,831	11,831	—	11,831	—

The carrying amounts and estimated fair value of financial instruments at December 31, 2022December 31, 2023 are as follows:

	December 31, 2022					December 31, 2023				
	Carrying Amount	Estimated Fair Value	Level 1	Level 2	Level 3	Carrying Amount	Estimated Fair Value	Level 1	Level 2	Level 3
			(In thousands)					(In thousands)		
Financial Assets:										
Cash and cash equivalents	$ 53,351	$ 53,351	$ 53,351	$ —	$ —					
Cash and cash equivalents										
Cash and cash equivalents										
Cash and cash equivalents										
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Cash and cash equivalents										
Cash and cash equivalents										
Cash and cash equivalents						$ 150,557	$ 150,557	$ 150,557	$ —	$ –
Securities AFS	83,402	83,402	—	81,341	2,061	91,352	91,352	—	91,352	–
Securities HTM	201	200	—	200	—	193	192	—	192	–
Loans receivable, net	1,353,907	1,347,137	—	—	1,347,137	1,529,843	1,425,814	—	—	1,425,8
Restricted bank stock	1,742	1,742	—	1,742	—	1,410	1,410	—	1,410	–
Accrued interest receivable	4,756	4,756	—	4,756	—	6,089	6,089	—	6,089	–
Equity method investments						8,296	8,296	—	5,900	2,3
Financial Liabilities										
Deposits	1,347,730	1,225,087		1,225,087	—	1,635,741	1,581,762	—	1,581,762	–
Borrowings	10,000	10,000		10,000						
Accrued interest payable	1,027	1,027	—	1,027	—	9,162	9,162	—	9,162	–

The fair value of cash and cash equivalents, restricted bank stock, accrued interest receivable, and accrued interest payable are measured at the Company's carrying amount.

The fair value of loans, deposits and borrowings are measured on a discounted basis using similar rates and terms.

The Mortgage servicing rights are carried at the lower of cost or estimated fair value. The estimated fair value of MSR is obtained through independent third-party valuations.

Certain assets are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment).

Note 8 – Fair Value Measurements and Disclosures (continued)

Limitations

The fair value estimates are made at a discrete point in time based on relevant market information and information about the financial instruments. Fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors.

Note 7 – Fair Value Measurements and Disclosures (concluded)

These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates. Further, the foregoing estimates may not reflect the actual amount that could be realized if all or substantially all the financial instruments were offered for sale. This is due to the fact that no market exists for a sizable portion of the loan, deposit andoff-balancesheet instruments.

In addition, the fair value estimates are based on existing on andoff-balancesheet financial instruments without attempting to value anticipated future business and the value of assets and liabilities that are not considered financial instruments. In addition, the tax ramifications related to the realization of unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in any of the estimates.

Finally, reasonable comparability between financial institutions may not be practical due to the wide range of permitted valuation techniques and numerous estimates which must be made given the absence of active secondary markets for many of the financial instruments. This lack of uniform valuation methodologies introduces a greater degree of subjectivity to these estimated fair values.

Note 98 – Leases

Leases (Topic 842) establishes a right of use model that requires a lessee to record a right of use asset ("ROU") and a lease liability for all leases with terms longer than 12 months. The Company is obligated under 26 operating lease agreements for 25 branches and its corporate offices with terms extending through 2039. The Company's lease agreements include options to renew at the Company's discretion. The extensions are reasonably certain to be exercised, therefore they were considered in the calculations of the ROU asset and lease liability.

The following table represents the classification of the Company's right of use and lease liability.

	Statement of Financial Condition Location	September 30, 2023	December 31, 2022
	(In thousands)		
Operating Lease Right of Use Asset:			
Gross carrying amount		$ 16,026	$ 17,919
Increased asset from new leases		9,799	—
Accumulated amortization		(1,735)	(1,893)
Net book value	Operating leaseright-of-useasset	$ 24,090	$ 16,026
Operating Lease Liability:			
Lease liability	Operating lease liability	$ 24,941	$ 16,772

	Statement of Financial Condition Location	Three Months Ended March 31, 2024	Year ended December 31, 2023
		(In thousands)	
Operating Lease Right of Use Asset:			
Gross carrying amount		$ 23,398	$ 16,026
Increased asset from new leases		1,808	9,799
Accumulated amortization		(2,480)	(2,427)
Net book value	Operating lease right-of-use asset	$ 22,726	$ 23,398
Operating Lease Liability:			
Lease liability	Operating lease liability	$ 23,643	$ 24,280

As of September 30, 2023 March 31, 2024, the weighted-average remaining lease terms for operating leases was 12.4 11.6 years and the weighted-average discount rate used in the measurement of operating lease liabilities was 3.35% 3.48%. The Company used FHLB fixed rate advances or at the time the lease was placed in service for the term most closely aligning with remaining lease term.

Note 98 – Leases (continued)

Future minimum payments under operating leases with terms longer than 12 months are as follows at September 30, 2023 March 31, 2024 (in thousands):

Twelve months ended September 30,	
2024	$ 3,279
2025	3,110
2026	2,969
2027	2,719

2028	2,503
Thereafter	16,918
Total future operating lease payment	31,498
Amounts representing interest	(6,557)
Present value of net future lease payments	$ 24,941

Twelve months ended March 31,	
2024	$ 3,501
2025	3,453
2026	3,269
2027	2,992
2028	2,779
Thereafter	15,748
Total future operating lease payment	31,742
Amounts representing interest	(8,099)
Present value of net future lease payments	$ 23,643

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
	(In thousands)		(In thousands)		(In thousands)	
Lease cost:						
Operating lease	$ 1,194	$ 622	$ 2,789	$ 2,027	$ 987	$ 665
Short-term lease cost	31	39	96	73	48	2
Total lease cost	$ 1,225	$ 661	$ 2,885	$ 2,100	$ 1,035	$ 667
Other information:						
Cash paid for amounts included in the measurement of lease liabilities	$ 898	$ 577	$ 2,179	$ 1,728	$ 898	$ 585

Note 10 9 – Goodwill and Core Deposit Intangible

On May 17, 2019, the Bank acquired five branches which were accounted for under FASB ASC 805,*Business Combinations*.

In accordance with ASC 805, the Bank Company recorded $8.9 million of goodwill along with a core deposit intangible asset of $4.2 million of for the five branches acquired in 2019. The Noah Bank acquisition that occurred in 2023 did not generate any goodwill, but the Bank recorded $98 thousand in core deposit intangible assets. asset. The core deposit intangible assets are related to core deposits and are asset is being amortized over 10 years, using the sum of the year's digits. For tax purposes, goodwill totaling $8.9 million is tax deductible and will be amortized over 15 years straight line. Except as set forth below, GAAP requires that goodwill be tested for impairment annually (with the Company's annual evaluation occurring on May 31 of each year) or more frequently if impairment indicators arise. The reporting unit was determined to be our community banking operations, which is our only operating segment.

ASC Topic350-20guidance requires an at least annual review of the fair value of a ReportingUnit that has goodwill in order to determine if it is more likely than not (that is, a likelihood of more than 50%50%)that the fair value of a Reporting Unit is less than its carrying amount, including goodwill. A qualitative factor test can be performed to determine whether it is necessary to perform a quantitative goodwill impairment test. If this qualitative test determines it is not more likely that than not (less than 50% 50%probability) that the fair value of the Reporting Unit is less than the Carrying Value, then the Company does not have to perform a quantitative test and goodwill can be considered not impaired. After performing The Company performed its annual review at May 31, 2023 and determined that it was more than 50% probable the qualitative factor test, fair value of the result was Reporting Unit exceeds the Company determined that then Carrying Value, therefore a quantitative test would be performed at May 31, 2023, primarily due to the Company's common stock trading at 68.0% of book value and a reduction in return on assets for the first five months of 2023 compared to the same period of 2022. Based on the results of the quantitative impairment test the Company's goodwill was not impaired required as of May 31, 2023.

Note 10 9 – Goodwill and Core Deposit Intangible (continued)

The changes in the carrying amount of goodwill and core deposit intangible assets are summarized as follows:

	Goodwill	Core Deposit Intangible

	Goodwill	Core Deposit Intangible
	(In thousands)	
Balance at December 31, 2022	$ 8,853	$ 1,825
Acquisition of Noah Bank	—	99
Amortization expense	—	(378)
Balance at September 30, 2023	$ 8,853	$ 1,546

	Goodwill	Core Deposit Intangible
	(In thousands)	
Balance at December 31, 2023	$ 8,853	$ 1,422
Amortization expense	—	(121)
Balance at March 31, 2024	$ 8,853	$ 1,301

As of September 30, 2023 March 31, 2024, the remaining current fiscal year and future fiscal periods amortization for the core deposit intangible is (in thousands):

2023	$ 127	
2024	432	314
2025	353	353
2026	274	274
2027	195	195
Thereafter	165	165
Total	$ 1,546	$ 1,301

Note 11 10 – Subsequent Event Events

On April 23, 2024, during the Company's annual shareholder meeting, the Board of Directors approved an amendment to the Company's articles of incorporation to authorize a class of preferred stock consisting of 2,000,000 shares.

On October 25, 2023 April 24, 2024, the Board of Directors declared a cash dividend of $0.30 per share of common stock to shareholders of record on November 13, 2023 May 10, 2024, payable on November 30, 2023 May 31, 2024.

Note 12 11 – Risk and Uncertainties

The occurrence of events which adversely affect the global, national, and regional economies may have a negative impact on our business. Like other financial institutions, our business relies upon the ability and willingness of our customers to transact business with us, including banking, borrowing and other financial transactions. A strong and stable economy at each of the local, federal, and global levels is often a critical component of consumer confidence and typically correlates positively with our customers' ability and willingness to transact certain types of business with us. Local and global events outside of our control which disrupt the New Jersey, Pennsylvania, New York, United States and/or global economy may therefore negatively impact our business and financial condition.

Government economic programs intended to backstop and bolster the economy through the pandemic such as the PPP have ended, and the nation's economy has entered an inflationary phase. The Consumer Price Index has risen at to levels not experienced since the 1980s while the labor market remains very tight, contributing additional inflationary pressure. To address the inflation problem, the Federal Reserve has reversed course on its previously accommodative monetary policies and aggressively increased short-term interest rates. These actions are intended to slow overall economic activity and risk entering the economy into a recession. The conflict Regional conflicts around the world, including between Russia and Ukraine, has have exacerbated pandemic-related supply chain issues, upset numerous global markets including energy and certain raw materials, and generally added to economic uncertainty and geopolitical instability. Any or all could have negative downstream effects on the Company's operating results, the extent of which is indeterminable at this time.

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

You should read the following discussion and analysis in conjunction with the unaudited consolidated interim financial statements contained in Part I, Item 1 of this report, and with our audited consolidated financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" presented in our Form 10-K as of and for the year ended December 31, 2022 December 31, 2023.

Cautionary Statement Regarding Forward-Looking Statements

The Company may from time to time make written or oral "forward-looking statements," including statements contained in the Company's filings with the Securities and Exchange Commission, in its reports to stockholders and in other communications by the Company (including this press release), which are made in good faith by the Company pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995 and Section 21E of the Securities Exchange Act of 1934, as amended.

These forward-looking statements involve risks and uncertainties, such as statements of the Company's plans, objectives, expectations, estimates and intentions that are subject to change based on various important factors (some of which are beyond the Company's control). The most significant factors that could cause future results to differ materially from those anticipated by our forward-looking statements include the ongoing impact of higher inflation levels, higher interest rates and general economic and recessionary concerns, all of which could impact economic growth and could cause a reduction in financial transactions and business activities, including decreased deposits and reduced loan originations, our ability to manage liquidity in a rapidly changing and unpredictable market, supply chain disruptions, labor shortages and additional interest rate increases by the Federal Reserve and the economic and market impacts of the military conflicts in Ukraine and the Middle East. Reserve. Other factors that could cause actual results to differ materially from those indicated by forward-looking statements include, but are not limited to, the following factors: the integration of the businesses of the Company and Cornerstone Financial Corporation "Cornerstone" following the completion of the business combination with Cornerstone Transaction, may be more difficult, time-consuming or costly than expected; the ability to obtain required regulatory and shareholder approvals, and the ability to complete the Transaction on the expected timeframe may be more difficult, time-consuming or costly than expected; the global impact of the regional conflicts around the world, including the Ukraine and the Middle East; the impact of any future pandemics or other natural disasters; civil unrest, rioting, acts or threats of terrorism, or actions taken by the local, state and Federal governments in response to such events, which could impact business and economic conditions in our market area, area; the strength of the United States economy in general and the strength of the local economies in which the Company and Bank conduct operations; the effects of, and changes in, trade, monetary and fiscal policies and laws, including interest rate policies of the Board of Governors of the Federal Reserve System; inflation, interest rate, market and monetary fluctuations; market volatility; the value of the Bank's Company's products and services as perceived by actual and prospective customers, including the features, pricing and quality compared to competitors' products and services; the willingness of customers to substitute competitors' products and services for the Bank's Company's products and services; credit risk associated with the Bank's Company's lending activities; risks relating to the real estate market and the Bank's Company's real estate collateral; the impact of changes in applicable laws and regulations and requirements arising out of our supervision by banking regulators; other regulatory requirements applicable to the Company and the Bank; and the timing and nature of the regulatory response to any applications filed by the Company and the Bank; technological changes; acquisitions including the Company's acquisition of Noah; difficulties and delays in integrating the businesses of Noah and the Bank or fully realizing cost savings and other benefits; acquisitions; changes in consumer spending and saving habits; the ability to recruit and retain qualified employees and implement adequate succession planning to mitigate the loss of key members of our senior management team; those risks disclosed in the Company's filings with the SEC, including under the heading "Risk Factors" set forth in the Bank's Company's Annual Report on Form 10-K for the year ended December 31, 2022, and in Part II, Item 1A of our quarterly report on Form 10-Q for the quarter-ended March 31, 2023 December 31, 2023, and the success of the Company at managing the risks involved in the foregoing.

The Company cautions that the foregoing list of important factors is not exclusive. The Company does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by or on behalf of the Company, except as required by applicable law or regulation.

Throughout this document, references to "we," "us," or "our" refer to the Company and the Bank.

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Executive Overview

Princeton Bancorp, Inc. is the holding company for The Bank of Princeton, a community bank founded in 2007. The Bank is a New Jersey state-chartered commercial bank with 22 branches in New Jersey, including three in Princeton and others in Bordentown, Browns Mills, Chesterfield, Cream Ridge, Deptford, Fort Lee, Hamilton, Kingston, Lakewood, Lambertville, Lawrenceville, Monroe, New Brunswick, Palisades Park, Pennington, Piscataway, Princeton Junction, Quakerbridge and Sicklerville. There are also five branches in the Philadelphia, Pennsylvania area and two in the New York City metropolitan area. The Bank of Princeton is a member of the Federal Deposit Insurance Corporation ("FDIC").

On October 19, 2022, the Bank entered into an Agreement and Plan of Merger (the "Merger Agreement") with Cornerstone Financial Corporation, a New Jersey based holding company from Cornerstone bank ("Cornerstone"). Pursuant to the terms and conditions set forth in the Merger Agreement, Cornerstone will merge with and into Princeton Bancorp, with Cornerstone surviving (the "Merger"). The Bank plans to merge Cornerstone with and into the Company immediately after the Merger. The Company has received the requisite approvals of the Merger Agreement from the Federal Deposit Insurance Corporation, and New Jersey state bank regulators. The Company anticipates that the Merger will close in the third quarter of 2024.

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The Company's common stock trades on the "Nasdaq Global Select Market" under ticker symbol, "BPRN."

Critical Accounting Policies and Estimates

Princeton Bancorp has chosen accounting policies that it believes are appropriate to accurately and fairly report its operating results and financial position, and the Company applies those accounting policies in a consistent manner. The Significant Accounting Policies are summarized in Note 1 to the consolidated financial statements included in the 2022 2023 Annual Report on Form 10-K. Except the changes related to the Company's adoption of CECL as noted in Note 1 and the changes related to the acquisition of Noah Bank as noted in Note 2 to the unaudited notes to the consolidated interim financial statements, there There have been no changes to the Critical Accounting Estimates since the Company filed its Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

New Accounting Pronouncements

Refer to Note 1 to the consolidated financial statements included in the 2022 2023 Annual Report on Form 10-K and Note 1- Summary of Significant Accounting Policies in this document.

Economy

The US economy is showing signs of stress with inflation hitting a 40-year high, an increase in energy prices, specifically home-heating costs, higher interest rates set by the Federal Open Market Committee (impacting the real estate market) and uncertainties resulting from Russia's war with Ukraine. regional conflicts in around the world, including in Ukraine and the Middle East. However, the unemployment rate in New Jersey is below the national average.

Comparison of Financial Condition at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023

General

Total assets were $1.91 $1.99 billion at September 30, 2023 on March 31, 2024, an increase of $311.3 $71.5 million, or 19.4% 3.73%, when compared to $1.60 $1.92 billion at the end of 2022. 2023. The primary reason for the increase in total assets was the acquisition attributable to increases in available for sale securities of Noah Bank on May 19, 2023, which had approximately $239.4 $26.7 million, in assets at closing. When looking at specific components of the balance sheet, including acquired assets, the Company recorded an increase in net loans of $128.1 $22.9 million, and an increase in cash and cash equivalents of approximately $153.6 million, an increase in its right of use asset of $8.1 million, an increase of $6.3 million in deferred tax assets and an increase in other assets of $1.5 $21.5 million. The increase in the Company's net loans consisted of a $206.7 million increase in commercial real estate loans and a $23.3 million increase in commercial and industrial loans, partially offset by a decrease of $96.7 million in construction loans.

Cash and cash equivalents

Cash and cash equivalents increased $153.6 $21.5 million, or 287.9% 14.29%, to $206.9 $172.1 million at September 30, 2023 March 31, 2024 compared to December 31, 2022 December 31, 2023. This increase was primarily due related to loan payoffs during the period, which caused a reduction deposit growth of approximately $69.9 and partially offset by increases in available-for-sale securities of $26.7 million and in total loans of $57.8 million (not including the loans acquired in connection with the Noah transaction), and an increase in outstanding deposits of approximately $98.5 (not including the deposits assumed from the Noah acquisition). $22.9 million.

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Investment securities

Total available-for-sale investment securities increased slightly million $26.7, or 29.28%, to $88.1 $118.1 million at September 30, 2023 March 31, 2024 compared to $83.4 million at December 31, 2022 December 31, 2023. This increase was primarily the result of approximately $6.5 million added related to the available-for-sale purchase of Government National Mortgage Association securities portfolio due to during the Noah acquisition. first quarter of 2024.

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Loans

Loans, net of deferred loan fees and costs, increased $128.1 $22.9 million, or 9.4% 1.48%, to $1.50 $1.57 billion at September 30, 2023 March 31, 2024 compared to $1.37 billion at December 31, 2022 December 31, 2023. This The increase was primarily due to in the $186.0 Company's net loans consisted of a $19.9 million of loans acquired from Noah Bank, partially offset by payoffs and principal repayments. Including the loans acquired, the following changes occurred within individual loan segments: increase in commercial real estate loans increased and a $10.8 million increase in construction loans, partially offset by $206.7 a decrease of $5.0 million in commercial and industrial loans, increased by $23.3 a decrease of $1.5 million in residential mortgages and construction loans decreased by $96.7 million. a decrease of $770 thousand in HELOC/consumer loans.

Net Charge-offs for first quarter of 2024 were $283 thousand and recoveries for were $107 thousand compared to the third fourth quarter of 2023 were $22 which recorded charge offs of $55 thousand and net charge-offs for the nine months ended September 30, 2023 were $1.8 million. For the three-month and nine-month periods ended September 30, 2022, the Bank recorded net charge-offs recoveries of $200 thousand and $154 $65 thousand. With the adoption of CECL, the Bank recorded a one-time decrease, net of tax, in retained earnings of $284 thousand, a reduction to the allowance for credit losses of $301 thousand and an increase in the reserve for unfunded liabilities of $695 thousand. During the third quarter and the first nine months of 2023, the Bank reduced the reserve for unfunded liabilities by $183 thousand and $510 thousand, respectively. The coverage ratio of the allowance for credit losses to period end loans was 1.20% 1.18% at both September 30, 2023 March 31, 2024 and December 31, 2022 1.19% at December 31, 2023.

At September 30, 2023 March 31, 2024, non-performing assets totaled $6.8 $2.1 million, an increase a decrease of $6.5 $4.6 million when compared to the amount at December 31, 2022 December 31, 2023. This increase The decrease was due primarily related to the delinquency of a $4.5 million commercial real estate loan in addition to $2.5 million of non-performing loans acquired from Noah Bank.

With the adoption of CECL, performing troubled debt restructurings ("TDRs") are no longer reported for the current period. At December 31, 2022 there were three loans classified as TDR loans totaling $5.9 million and each of these loans which was performing in accordance with the agreed-upon terms. There were no loan modifications sold during the nine months ended September 30, 2023.

Deferred Taxes

Deferred taxes increased $6.3 million first quarter of 2024. Non-performing assets as a percentage of total loans, net of deferred fees and costs, was 0.13% at September 30, 2023 compared to December 31, 2022. The increase was primarily due to purchase accounting entries March 31, 2024 and net operating loss carryforwards related to the Noah acquisition. 0.43% at December 31, 2023.

Deposits

Total deposits at September 30, 2023 March 31, 2024 increased $290.2 $69.9 million, or 21.5% 4.27%, when compared to December 31, 2022 December 31, 2023. The primary reasons for the increase in total deposits were the $191.7 million in deposits acquired from Noah Bank and a $98.5 million increase from existing operations. When comparing deposit products between the two periods, certificates Certificates of deposit increased $298.7 $77.1 million, and money market deposits increased $65.9 $24.7 million, and savings deposits increased $2.9 million. Partially offsetting these increases were decreases in savings deposits of $43.6 million and interest-bearing demand deposits of $29.8 $32.6 million for the nine months ended September 30, 2023. and non-interest-bearing deposits of $2.2 million.

At September 30, 2023 March 31, 2024, the Company had approximately $533.1 $426.7 million in uninsured deposits, consisting of $74.4 $67.6 million in non-interest-bearing demand deposits, $171.4 $128.7 million in interest-bearing demand deposits, $102.9 $128.9 million in money market accounts, $20.0 $21.3 million in savings deposits and $164.4 $80.2 million in certificates of deposits.

Borrowings

The Company had no outstanding borrowings at September 30, 2023 compared to $10.0 million March 31, 2024 and at December 31, 2022 December 31, 2023.

Stockholders' equity

Total stockholders' equity at September 30, 2023 on March 31, 2024 increased $12.6 $1.6 million or 5.7% 0.66% when compared to the end of 2022. December 31, 2023. The increase was primarily due to the $14.5 $2.4 million increase in retained earnings, consisting of $20.5 $4.3 million in net income partially offset by $5.7 $1.9 million of cash dividends recorded during the period. Additionally, stockholders' equity declined as a result of a stock buyback of 19,000 shares totaling $579 thousand. The ratio of equity to total assets at September 30, 2023 March 31, 2024 and at December 31, 2022, December 31, 2023 was 12.1% 12.2% and 13.7% 12.5%, respectively. The current period ratio decrease was primarily due to the Noah Bank acquisition.

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Liquidity

Our liquidity, represented by cash and cash equivalents, is a product of our operating, investing and financing activities. Our primary sources of funds are deposits, principal repayments of securities and outstanding loans, and funds provided from operations. In addition, we invest excess funds in short-term interest-earnings assets such as overnight deposits or U.S. agency securities, which provide liquidity to meet lending requirements. While scheduled payments from the amortization of loans and securities and short-term investments are relatively predictable sources of funds, general interest rates, economic conditions and competition greatly influence deposit flows and repayments on loans and mortgage-backed securities.

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Liquidity (continued)

As a member of the FHLB we are eligible to borrow funds in an aggregate amount of up to 50% of the Company's total assets, subject to its collateral requirements. Based on available eligible securities and qualified real estate loan collateral, and a $60.0 $70.0 million line of credit with the FHLB supporting municipal deposits, the Company had the ability to borrow $183.4 an additional $148.9 million as of September 30, 2023 March 31, 2024.

The bank failures that occurred in early 2023 caused significant disruption in As of March 31, 2024, the United States banking industry. The closures of these banks triggered a surge in deposit outflows and stock price volatility at many banks. In response Bank was eligible to these bank failures, use the Federal Reserve announced the Bank Term Funding Program, which offers loans of up to one year in length to banks, savings associations, credit unions, and other eligible depository institutions pledging U.S. Treasuries, agency debt and mortgage-backed securities, and other qualifying discount window for borrowings. Based on assets pledged as collateral valued as of the applicable date, the Bank's borrowing availability was approximately $10.0 million at par. Under this program, March 31, 2024. As of March 31, 2024, the Bank has access to $101.5 million in borrowing capacity. Company had no outstanding advances from the discount window.

The Company is also a shareholder of Atlantic Community Bancshares, Inc., the parent company of Atlantic Community Bankers Bank ("ACBB"). As of September 30, 2023 March 31, 2024, the Company had available borrowing capacity with ACBB of $10.0 million to provide short-term liquidity generally for a period of not more than fourteen days. No amounts were outstanding under our line of credit with ACBB at September 30, 2023 March 31, 2024.

We believe that our current sources of funds provide adequate liquidity for our current cash flow needs.

Capital Resources

Regulatory Capital Requirements. Federally insured, state-chartered non-member banks are required to maintain minimum levels of regulatory capital. Current FDIC capital standards require these institutions to satisfy a common equity Tier 1 capital requirement and a Tier 1 capital requirement, a leverage capital requirement and a risk-based capital requirement.

In addition, in order to make capital distributions and pay discretionary bonuses to executive officers without restriction, an institution must also maintain additional common equity in excess of the minimum requirements. This excess is referred to as a capital conservation buffer. At September 30, 2023 March 31, 2024, the required capital conservation buffer is 2.50%.

Under the risk-based capital requirements, "total" capital (a combination of core and "supplementary" capital) must equal at least 8.0% of "risk-weighted" assets. The FDIC also is authorized to impose capital requirements in excess of these standards on individual institutions on a case-by-case basis. Management believes, as of September 30, 2023 March 31, 2024, that the Bank meets all capital adequacy requirements to which it is subject and is "well capitalized" under applicable regulations.

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The Bank's actual capital amounts and ratios and the regulatory requirements at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 are presented below:

	Actual		For capital conservation buffer requirement		To be well capitalized under prompt corrective action provision	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(Dollars in thousands)			
September 30, 2023:						
Total capital (to risk-weighted assets)	$ 250,865	14.959 %	$ 176,081	10.500 %	$ 167,696	10.000 %
Tier 1 capital (to risk-weighted assets)	$ 232,873	13.887 %	$ 142,542	8.500 %	$ 134,157	8.000 %
Common equity tier 1 capital (to-risk weighted assets	$ 232,873	13.887 %	$ 117,387	7.000 %	$ 109,003	6.500 %

Tier 1 leverage capital (to average assets)	$ 232,873	12.380 %	$ 122,268	6.500 %	$ 94,052	5.000 %
December 31, 2022:						
Total capital (to risk-weighted assets)	$ 233,657	15.309 %	$ 160,256	10.500 %	$ 152,625	10.000 %
Tier 1 capital (to risk-weighted assets)	$ 217,196	14.231 %	$ 129,731	8.500 %	$ 122,100	8.000 %
Common equity tier 1 capital (to-risk weighted assets	$ 217,196	14.231 %	$ 106,838	7.000 %	$ 99,206	6.500 %
Tier 1 leverage capital (to average assets)	$ 217,196	13.474 %	$ 104,775	6.500 %	$ 80,596	5.000 %

Capital Resources (continued)

	Actual		For capital conservation buffer requirement		To be well capitalized under prompt corrective action provision	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(Dollars in thousands)			
March 31, 2024:						
Total capital (to risk-weighted assets)	$ 255,304	14.305 %	$ 187,392	10.500 %	$ 178,468	10.000 %
Tier 1 capital (to risk-weighted assets)	$ 236,686	13.262 %	$ 151,698	8.500 %	$ 142,774	8.000 %
Common equity tier 1 capital (to-risk weighted assets	$ 236,686	13.262 %	$ 124,928	7.000 %	$ 116,004	6.500 %
Tier 1 leverage capital (to average assets)	$ 236,686	11.994 %	$ 128,273	6.500 %	$ 98,672	5.000 %
December 31, 2023:						
Total capital (to risk-weighted assets)	$ 254,030	14.677 %	$ 181,740	10.500 %	$ 173,086	10.000 %
Tier 1 capital (to risk-weighted assets)	$ 235,538	13.608 %	$ 147,123	8.500 %	$ 138,469	8.000 %
Common equity tier 1 capital (to-risk weighted assets	$ 235,538	13.608 %	$ 121,160	7.000 %	$ 112,506	6.500 %
Tier 1 leverage capital (to average assets)	$ 235,538	12.289 %	$ 124,583	6.500 %	$ 95,833	5.000 %

Comparison of Operating Results for the Three Months Ended September 30, 2023 March 31, 2024 and 2022 2023

General

The Company reported net income of $7.6 $4.3 million, or $1.19 $0.68 per diluted common share, for the third first quarter of 2023, 2024, compared to net income of $7.0 $6.1 million, or $1.09 $0.95 per diluted common share, for the third first quarter of 2022. 2023. The increase decrease in net income for the third first quarter of 2023 2024 compared to the same period in 2022 2023 was primarily due to an increases in interest expense of $8.7 million and $2.1 million in non-interest expense, partially offset by a $7.5 million increase of $700 interest income, $611 thousand increase in non-interest income and a $600 reduction of $835 thousand decrease in income tax expense and a $400 thousand reduction in its provision for credit losses, partially offset by a $1.0 million decrease in net interest income. recorded.

Interest income

Interest income increased $7.9 $7.5 million for the three months ended September 30, 2023 March 31, 2024, compared to the same period in 2022. 2023. Interest income on loans increased $5.2 $5.0 million due to increases in both the average balance of loans of $78.2 $175.4 million and the yield of 112 60 basis points. Other interest and dividend income increased $2.6 $2.1 million due to an increase in average balance of $173.5 $153.6 million and an increase in the yield of 298 90 basis points. Interest on taxable available-for-sale securities increased $116 $286 thousand due to a 100-basis-pointan 120 basis point increase in yield and a $318 $17 thousand increase in the average balance of taxable available-for-sale securities.

Interest expense

Interest expense on deposits increased $8.9 $8.7 million to $10.3 $12.6 million for the three-month period ended September 30, 2023 March 31, 2024, due to increases in both the rate paid on interest-bearing deposits of 251 209 basis points and in the average balance of interest-bearing deposits of $260.9 $351.6 million over the same prior year period.

Interest expense on borrowings was not significant during the three-month periods ended September 30, 2023 and 2022.

Provision for credit losses

The Company reduced its allowance provision for credit losses by $182 $79 thousand during the three months ended September 30, 2023 and increased its March 31, 2024 while the allowance for credit losses by $200 was $10 thousand during the three months ended

September 30, 2022 higher than at December 31, 2023. The credit recorded decrease in the ACL in the current quarter was consisted of $302 thousand increase recorded to the result allowance of credit losses and a reduction to the allowance of $116 thousand in unfunded commitments, which is reported in other liabilities on the reserve Company's statement of condition. Charge-offs were $283 thousand and recoveries were $107 thousand for unfunded liabilities in the amount of $182 thousand. The provision for credit losses on loans was zero. Net recoveries during the three-month period ended September 30, 2023 were $22 thousand. Net charge-offs of $200 thousand were recorded during the three-month period ended September 30, 2022 quarter ending March 31, 2024.

Non-interest income

Total non-interest income of $2.4 $2.0 million for the third first quarter of 2023 2024 increased $696 $611 thousand, when compared to the quarter ended September 30, 2022 March 31, 2023. The increase over the third first quarter of 2022 2023 was due to an increase increases in loan fees of $334 $373 thousand, and the gain on sale $163 thousand of other real estate non-interest income, and $91 thousand in bank owned of $203 thousand during the third quarter of 2023. life insurance income.

Non-interest expense

Total non-interest expense for the third first quarter of 2023 was almost 2024 increased $2.1 million or 21.1% from the same as the third first quarter of 2022. During the third quarter of 2023, $1.4 million of merger costs associated with the Noah acquisition that were expensed in the second quarter were reversed. 2023. The amounts reversed were increase was due primarily the result of a lease termination cost that was lower than the original estimate based on a negotiated settlement of the remaining lease on a Noah branch office and a legal reserve of $150 thousand. The expenses reversed in 2023 were offset by to increases in salaries and employee benefits and occupancy and equipment expenses of $735 $1.1 million and $688 thousand, and $603 thousand, respectively, over respectively. This increase can be attributed in part to the prior-year period associated with acquisition of Noah Bank which occurred in the Noah acquisition. second quarter of 2023.

Provision for income taxes

For the three-month period ended September 30, 2023 three months ending March 31, 2024, the Company recorded an income tax expense of $1.5 $1.1 million, resulting in an effective tax rate of 16.6% 19.7%, compared to an income tax expense of $2.1 $1.9 million resulting in an effective tax rate of 23.2% 23.8% for the three-month period quarter ended September 30, 2022 March 31, 2023. The lower effective tax rate for record in the current period first three months ended March 31, 2024, was reduced as attributed to a result higher level of the year-to-date impact tax free investments benefit compared to a lower amount of the non-taxable bargain purchase gain related to the Noah acquisition. net income.

Average Balances, Net Interest Income, and Yields Earned and Rates Paid

The following table shows for the three-month period indicated the total dollar amount of interest earned from average interest earning assets and the resulting yields, as well as the interest expense on average interest-bearing liabilities and the resulting costs, expressed both in dollars and rates. Average yields have been annualized. Tax-exempt incomes and yields have not been adjusted to a tax-equivalent basis.

	Three Months Ended September 30,					
	2023			2022		
	Average Balance	Interest	Average Yield/Rate	Average Balance	Interest	Average Yield/Rate
	(Dollars in thousands)					
Interest-earning assets:						
Loans receivable	$ 1,464,798	$ 23,503	6.37 %	$ 1,386,589	$ 18,336	5.25 %
Securities						
Taxable available-for-sale	46,599	357	3.06 %	46,281	241	2.06 %
Tax-exempt available-for-sale	40,118	285	2.84 %	42,220	286	2.68 %
Held-to-maturity	196	3	5.28 %	204	2	3.92 %
Federal funds sold	199,350	2,702	5.38 %	35,081	183	2.28 %
Other interest-earning assets	10,506	150	5.67 %	1,322	43	5.85 %
Total interest-earning assets	1,761,567	$ 27,000	6.08 %	1,511,697	$ 19,091	5.01 %
Other non-earnings assets	127,682			115,159		

Total assets	$ 1,889,249			$ 1,626,856		
Interest-bearing liabilities						
Demand	$ 243,359	$ 1,031	1.68 %	$ 240,948	$ 174	0.29 %
Savings	149,215	788	2.10 %	217,133	173	0.32 %
Money market	337,491	2,979	3.50 %	350,901	376	0.43 %
Certificates of deposit	629,082	5,518	3.48 %	289,274	669	0.92 %
Total deposits	1,359,147	10,316	3.01 %	1,098,256	1,392	0.50 %
Borrowings	—	—	N/A	391	3	2.65 %
Total interest-bearing liabilities	1,359,147	$ 10,316	3.01 %	1,098,647	$ 1,395	0.51 %
Non-interest-bearing deposits	255,775			285,665		
Total cost of funds	1,614,922		2.53 %	1,384,312		0.40 %
Other liabilities	45,923			28,136		
Total liabilities	1,660,845			1,412,448		
Stockholders' equity	228,404			214,408		
Total liabilities and stockholder's equity	$ 1,889,249			$ 1,626,856		
Net interest-earnings assets	$ 402,420			$ 413,050		
Net interest income; interest rate spread		$ 16,684	3.07 %		$ 17,696	4.50 %
Net interest margin			3.76 %			4.64 %
Net interest margin FTE 1			3.81 %			4.71 %

	Three Months Ended March 31,							
	2024			2023			Change 2024 vs 2023	
	Average Balances	Income/ Expense	Yield Rates	Average Balances	Income/ Expense	Yield Rates	Average Balances	Yield Rates
				(Dollars in thousands)				
Interest-earning assets:								
Loans receivable	$ 1,551,206	$ 24,940	6.47 %	$ 1,375,849	$ 19,894	5.86 %	$ 175,357	0.60 %
Securities								
Taxable available-for-sale	58,742	564	3.86 %	42,235	278	2.66 %	16,507	1.20 %
Tax exempt available-for-sale	40,758	285	2.81 %	41,634	284	2.77 %	(876)	0.05 %
Held-to-maturity	182	2	4.42 %	200	3	5.36 %	(18)	-0.94 %
Federal funds sold	148,069	2,009	5.46 %	8,454	95	4.56 %	139,615	0.90 %
Other interest earning-assets	18,954	266	5.64 %	5,001	58	4.77 %	13,953	0.87 %
Total interest-earning assets	1,817,911	$ 28,066	6.21 %	1,473,373	$ 20,612	5.67 %	344,538	0.54 %
Other non-earnings assets	140,660			109,354			31,306	
Total assets	$ 1,958,571			$ 1,582,727			$ 375,844	
Interest-bearing liabilities								

Demand	$ 242,030	$ 1,193	1.98 %	$ 264,507	$ 551	0.84 %	$ (22,477)	1.14 %
Savings	147,672	921	2.51 %	182,763	417	0.92 %	(35,091)	1.58 %
Money markets	364,150	3,557	3.93 %	268,814	1,158	1.75 %	95,336	2.18 %
Certificates of deposit	678,306	6,947	4.12 %	364,470	1,739	1.94 %	313,836	2.18 %
Total deposit	1,432,158	12,618	3.54 %	1,080,554	3,865	1.45 %	351,604	2.09 %
Borrowings	—	—	0.00 %	6,993	86	4.99 %	(6,993)	-4.99 %
Total interest-bearing liabilities	1,432,158	$ 12,618	3.54 %	1,087,547	$ 3,951	1.47 %	344,611	2.07 %
Non-interest-bearing deposits	244,089			242,814			1,275	
Other liabilities	42,094			28,587			13,507	
Total liabilities	1,718,341			1,358,948			359,393	
Stockholders' equity	240,230			223,779			16,451	
Total liabilities and stockholder's equity	$ 1,958,571			$ 1,582,727			$ 375,844	
Net interest-earnings assets	$ 385,753			$ 385,826			$ (73)	
Net interest income; interest rate spread			2.67 %			4.20 %		-1.53 %
Net interest margin		$ 15,448	3.42 %		$ 16,661	4.59 %	$ (1,213)	-1.17 %
Net interest margin FTE[1]			3.48 %			4.66 %		-1.18 %

[1] Includes federal and state tax effect of tax exempt securities and loans.

Rate/Volume Analysis

The following table reflects the changes in our interest income and interest expense segregated into amounts attributable to changes in volume and in yields on interest-earning assets and interest-bearing liabilities during the periods indicated.

	Three Months Ended September 30, 2023 vs 2022 Increase (Decrease) Due to		
	Rate	Volume	Net
		(In thousands)	
Interest and dividend income:			
Loans receivable, including fees	$ 998	$ 4,169	$ 5,167
Securities available-for-sale			
Taxable	82	34	116
Tax-exempt	32	(33)	(1)
Securities held-to-maturity	1	—	1
Federal funds sold	511	2,008	2,519
Other interest and dividend income	(2)	109	107
Total interest and dividend income	$ 1,622	$ 6,287	$ 7,909
Interest expense			

Demand	$ 828	$ 29	$ 857
Savings	1,487	(872)	615
Money markets	2,834	(231)	2,603
Certificates of deposit	634	4,215	4,849
Borrowings	—	(3)	(3)
Total interest expense	$ 5,783	$ 3,138	$ 8,921
Change in net interest income	$ (4,161)	$ 3,149	$ (1,012)

Comparison of Operating Results for the Nine Months Ended September 30, 2023 and 2022

General

For the nine-month period ended September 30, 2023, the Company recorded net income of $20.5 million, or $3.21 per diluted common share, compared to $19.3 million, or $2.98 per diluted common share for the same period in 2022. The increase was primarily due to an increase of $11.5 million in non-interest income and a $1.8 million decrease in income tax expense, partially offset by an $8.9 million increase in non-interest expense, and a $2.3 million increase in its provision for credit losses.

Interest income

Interest income increased $17.0 million for the nine months ended September 30, 2023 compared to the same period in 2022. Interest income on loans increased $13.3 million due to increases in both the average balance and yield earned on loans of $49.5 million and 107 basis points, respectively. Other interest and dividend income increased $3.5 million due to an increase in the average balance of $21.0 million and an increase in the yield of 455 basis points. Interest on taxable available-for-sale securities increased $229 thousand due to an 82-basis-point increase in yield, partially offset by a $3.1 million decrease in the average balance of taxable available-for-sale securities.

Interest expense

Interest expense on deposits increased $17.7 million to $21.5 million for the nine-month period ended September 30, 2023, due primarily to a 195-basis-point increase in the rate on interest-bearing deposits, and an increase in the average balance of interest-bearing deposits of $71.0 million over the same prior-year period.

Interest expense on borrowings was not significant during the nine-month periods ended September 30, 2023 and 2022.

Provision for credit losses

The Company recorded a $2.5 million provision for credit losses for the nine-month period ended September 30, 2023 and a $200 thousand provision for loan losses for the nine-month period ended September 30, 2022. The $2.5 million provision for the nine months ended September 30, 2023 consists of a $2.9 million provision associated with the Company's loan portfolio, offset by a credit to the provision of $501 thousand associated with unfunded commitments. The provision for credit losses on loans includes $1.7 million related to non-purchased credit deteriorated loans acquired in the Noah Bank acquisition and was also a result of loan charge-offs of $1.8 million recorded during the period. See Note 1 to the consolidated financial statements included in Part I, Item 1 of this Form 10-Q for a discussion of the CECL methodology. See the section titled "Item 1. Business – Lending Activities —Analysis of Allowance for Loan Losses" in our Form 10-K for the year ended December 31, 2022 for a discussion of our allowance for loan losses methodology prior to our adoption of CECL on January 1, 2023, including additional information regarding the determination of the provision for loan losses.

Non-interest income

For the nine-month period ended September 30, 2023, non-interest income increased $11.5 million or 296.9%, from the same nine-month period in 2022, primarily due to the $9.7 million bargain purchase gain from the Noah acquisition and an increase of $1.3 million in loan fees over the same period in 2022.

Non-interest expense

For the nine-month period ended September 30, 2023, non-interest expense was $37.7 million, compared to $28.8 million for the same period in 2022. This increase was primarily due to merger-related expenses of $5.6 million, increases in salaries and employee benefits of $2.1 million, occupancy and equipment expenses of $742 thousand and data processing and communications of $726 thousand all primarily associated with the Noah Bank acquisition and general increases.

Provision for income taxes

For the nine-month period ended September 30, 2023, the Bank recorded an income tax expense of $3.6 million, resulting in an effective tax rate of 14.9%, compared to an income tax expense of $5.4 million resulting in an effective tax rate of 21.7% for the nine-month period ended September 30, 2022. The effective tax rate was substantially reduced as a result of the non-taxable bargain purchase gain related to the Noah acquisition.

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Average Balances, Net Interest Income, and Yields Earned and Rates Paid

The following table shows for the nine-month period indicated the total dollar amount of interest earned from average interest earning assets and the resulting yields, as well as the interest expense on average interest-bearing liabilities and the resulting costs, expressed both in dollars and rates. Average yields have been annualized. Tax-exempt incomes and yields have not been adjusted to a tax-equivalent basis.

	Nine Months Ended September 30,					
	2023			2022		
	Average Balance	Interest	Average Yield/Rate	Average Balance	Interest	Average Yield/Rate
	(Dollars in thousands)					
Interest-earning assets:						
Loans receivable	$ 1,424,768	$ 64,914	6.09 %	$ 1,375,233	$ 51,596	5.02 %
Securities						
Taxable available-for-sale	44,517	927	2.78 %	47,626	698	1.96 %
Tax exempt available-for-sale	40,974	853	2.78 %	44,832	882	2.63 %
Held-to-maturity	198	8	5.28 %	205	8	5.29 %
Federal funds sold	91,761	3,639	5.30 %	76,559	361	0.68 %
Other interest earning-assets	7,086	285	5.36 %	1,328	80	4.96 %
Total interest-earning assets	1,609,304	70,626	5.87 %	1,545,783	53,625	4.64 %
Other non-earnings assets	114,545			112,573		
Total assets	$ 1,723,849			$ 1,658,356		
Interest-bearing liabilities						
Demand	$ 250,100	$ 2,417	1.29 %	$ 257,284	$ 508	0.26 %
Savings	163,516	1,888	1.54 %	226,532	447	0.26 %
Money markets	297,360	6,251	2.81 %	374,571	887	0.34 %
Certificates of deposit	504,237	10,946	2.90 %	285,855	1,943	0.91 %
Total deposit	1,215,213	21,502	2.37 %	1,144,242	3,785	0.42 %
Borrowings	3,133	118	5.01 %	132	3	2.65 %
Total interest-bearing liabilities	1,218,346	21,620	2.37 %	1,144,374	3,788	0.45 %
Non-interest-bearing deposits	244,718			280,761		
Total cost of funds	1,463,064		1.97 %	1,425,135		0.36 %
Other liabilities	34,312			18,680		
Total liabilities	1,497,376			1,443,815		
Stockholders' equity	226,471			214,541		

Total liabilities and stockholder’s equity	$ 1,723,847			$ 1,658,356		
Net interest-earnings assets	$ 390,958			$ 401,409		
Net interest income; interest rate spread		$ 49,006	3.50 %		$ 49,837	4.19 %
Net interest margin			4.07 %			4.31 %
Net interest margin FTE [1]			4.13 %			4.37 %

[1] Includes federal and state tax effect of tax exempt securities and loans.

Rate/Volume Analysis

The following table reflects the changes in our interest income and interest expense segregated into amounts attributable to changes in volume and in yields on interest-earning assets and interest-bearing liabilities during the periods indicated.

	Nine Months Ended September 30, 2023 vs . 2022 Increase (Decrease) Due to			2024 vs. 2023 Increase (Decrease) Due to		
	Rate	Volume	Net	Rate	Volume	Net
	(In thousands)			(In thousands)		
Interest and dividend income:						
Loans receivable, including fees	$ 10,214	$ 3,104	$ 13,318	$ 240	$ 4,806	$ 5,046
Securities available-for-sale						
Taxable	306	(77)	229	245	41	286
Tax-exempt	64	(93)	(29)	6	(5)	1
Securities held-to-maturity	—	—	—	1	—	(1)
Federal funds sold	3,167	111	3,278	37	1,877	1,914
Other interest and dividend income	6	199	205	21	187	208
Total interest and dividend income	$ 13,757	$ 3,244	$ 17,001	$ 549	$ 6,907	$ 7,454
Interest expense:						
Interest expense						
Demand	$ 1,983	$ (74)	$ 1,909	$ 1,074	$ (432)	$ 642
Savings	2,091	(650)	1,441	1,809	(1,305)	504
Money market	6,406	(1,042)	5,364			
Money markets				(4,300)	6,699	2,399
Certificates of deposit	1,119	7,884	9,003	390	4,818	5,208
Borrowings	—	115	115	—	(86)	(86)
Total interest expense	$ 11,599	$ 6,233	$ 17,832	$ (1,027)	$ 9,696	$ 8,667
Change in net interest income	$ 2,158	$ (2,989)	$ (831)	$ 1,576	$ (2,789)	$ (1,213)

How We Manage Market Risk

Market risk is the risk of loss from adverse changes in market prices and rates. Our market risk arises primarily from interest rate risk which is inherent in our lending, investment and deposit gathering activities. To that end, management actively monitors and manages interest rate risk exposure. In addition to market risk, our primary risk is credit risk on our loan portfolio. We attempt to manage credit risk through our loan underwriting and oversight policies.

The principal objective of our interest rate risk management function is to evaluate the interest rate risk embedded in certain balance sheet accounts, determine the level of risk appropriate given our business strategy, operating environment, capital and liquidity requirements and performance objectives, and manage the risk consistent with approved guidelines. We seek to manage our exposure to risks from changes in interest rates while at the same time trying to improve our net interest spread. We monitor interest rate risk as such risk relates to our operating strategies. We have established an Asset/Liability Committee which is comprised of both Management and members of the Board of Directors. The Asset/Liability Committee meets on a

regular basis and is responsible for reviewing our asset/liability policies and interest rate risk position. Both the extent and direction of shifts in interest rates are uncertainties that could have a negative impact on future earnings.

Gap Analysis. The matching of assets and liabilities may be analyzed by examining the extent to which such assets and liabilities are “interest rate sensitive” and by monitoring the Company’s interest rate sensitivity “gap.” An asset or liability is said to be interest rate sensitive within a specific time period if it will mature or reprice within that time period. The interest rate sensitivity gap is defined as the difference between the amount of interest-earning assets maturing or repricing within a specific time period and the amount of interest-bearing liabilities maturing or repricing within that same time period. A gap is considered positive when the amount of interest rate sensitive assets exceeds the amount of interest rate-sensitive liabilities. A gap is considered negative when the amount of interest rate sensitive liabilities exceeds the amount of interest rate sensitive assets. During a period of rising interest rates, a negative gap would tend to affect adversely net interest income while a positive gap would tend to result in an increase in net interest income. Conversely, during a period of falling interest rates, a negative gap would tend to result in an increase in net interest income while a positive gap would tend to affect adversely net interest income.

The table on the next page sets forth the amounts of our interest-earning assets and interest-bearing liabilities outstanding at September 30, 2023March 31, 2024, which we expect, based upon certain assumptions, to reprice or mature in each of the future time periods shown (the “GAP Table”). Except as stated below, the amounts of assets and liabilities shown which reprice or mature during a particular period were determined in accordance with the earlier of term to repricing or the contractual maturity of the asset or liability. The table sets forth an approximation of the projected repricing of assets and liabilities at September 30, 2023March 31, 2024, based on contractual maturities, anticipated prepayments, and scheduled rate adjustments within a three-month period and subsequent selected time intervals. The loan amounts in the table reflect principal balances expected to be redeployed and/or repriced as a result of contractual amortization and anticipated prepayments of adjustable-rate loans and fixed-rate loans, and as a result of contractual rate adjustments on adjustable-rate loans.

(Dollars in thousands)	3 Months or Less	More than 3 Months to 1 Year	More than 1 Year to 3 Years	More than 3 Years to 5 Years	More than 5 Years	Non-Rate Sensitive	Total Amount	3 Months or Less	More than 3 Months to 1 Year	Mo Year
Interest-earning assets: (1)										
Investment securities	$ 9,734	$ 3,156	$ 8,266	$ 9,660	$ 73,386	$ (15,943)	$ 88,259	$ 13,567	$ 14,261	$
Loans receivable	426,183	280,830	360,138	363,637	67,712	(17,992)	1,480,508	495,979	214,358	
Other interest-earnings assets (2)	192,132	—	—	—	—	14,799	206,931	159,027	—	

Other non-interest assets	—	—	—	—	—	137,425	137,425	—	—	
Total interest-earning assets	$ 628,049	$ 283,986	$ 368,404	$ 373,297	$ 141,098	$ (19,136)	$ 1,913,123	$ 668,573	$ 228,619	$
Interest-bearing liabilities:										
Checking and savings accounts	$ 10,018	$ 376,997	$ —	$ —	$ —	$ —	$ 387,015	$ 364,750	$ —	$
Money market accounts	18,992	330,513	—	—	—	—	349,505	378,652	—	
Certificate accounts	123,285	414,322	96,635	2,994	13	—	637,249	242,238	272,624	
Borrowings	—	—	—	—	—	—	—	—	—	
Total interest-bearing liabilities	$ 152,295	$ 1,121,832	$ 96,635	$ 2,994	$ 13	$ —	$ 1,373,769	$ 985,640	$ 272,624	$
Interest-earning assets less interest-bearing liabilities	$ 475,754	$ (837,846)	$ 271,769	$ 370,303	$ 141,085	$ (19,136)	$ 539,354	$ (317,067)	$ (44,005)	$
Cumulative interest-rate sensitivity gap (3)	$ 475,754	$ (362,092)	$ (90,323)	$ 279,980	$ 421,065					
Cumulative interest-rate gap as a percentage of total assets at September 30, 2023	24.87%	-18.93%	-4.72%	14.63%	22.01%					
Cumulative interest-rate gap as a percentage of total assets at March 31, 2024										

Cumulative interest-earning assets as a percentage of cumulative interest-bearing liabilities at September 30, 2023	412.39 %	71.58 %	93.41 %	120.38 %	130.65 %
Cumulative interest-earning assets as a percentage of cumulative interest-bearing liabilities at March 31, 2024					

(1) Interest-earnings assets are included in the period in which the balances are expected to be redeployed and/or repriced as a result of anticipated prepayments, scheduled rate adjustments and contractual maturities.

(2) Includes interest-bearing bank balances, FHLB Stock and Federal Funds Sold

(3) Interest-rate sensitivity gap represents the difference between total interest-earning assets and total interest-bearing liabilities.

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Certain shortcomings are inherent in the method of analysis presented in the foregoing table. For example, although certain assets and liabilities may have similar maturities or periods to repricing, they may react in different degrees to changes in market interest rates. Also, the interest rates on certain types of assets and liabilities may fluctuate in advance of changes in market interest rates, while interest rates on other types may lag behind changes in market rates. Additionally, certain assets, such as adjustable-rate loans, have features which restrict changes in interest rates both on a short-term basis and over the life of the asset. Further, in the event of a change in interest rates, prepayment and early withdrawal levels would likely deviate significantly from those assumed in calculating the table. Finally, the ability of many borrowers to service their adjustable-rate loans may decrease in the event of an interest rate increase.

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Net Portfolio Value Analysis. Our interest rate sensitivity is also is monitored by management through the use of a model which generates estimates of the changes in our net portfolio value ("NPV") over a range of interest rate scenarios. NPV is the present value of expected cash flows from assets, liabilities, and off-balance sheet contracts. The NPV ratio, under any interest rate scenario, is defined as the NPV in that scenario divided by the market value of assets in the same scenario. The following table sets forth our NPV as of September 30, 2023 March 31, 2024, and reflects the changes to NPV as a result of immediate and sustained changes in interest rates as indicated.

Change in Interest Rates In Basis Points (Rate Shock)	Net Portfolio Value			NPV as % of Portfolio Value of Assets	
	Amonts	$Change	% Change	NPV Ratio	Change
Change in					

Interest Rates						Net Portfolio Value		
In Basis Points								
(Rate Shock)						Amounts	$ Change	% Change
	(Dollars in thousands)					(Dollars in thousands)		
300	$ 302,867	$ (20,618)	-6.37%	-6.20%	-5.61%	$ 260,809	$ (4,296)	-1.62%
200	$ 316,146	$ (7,339)	-2.27%	-4.20%	-3.61%	$ 264,795	$ (310)	-0.12%
100	$ 324,202	$ 717	0.22%	-2.26%	-1.67%	$ 266,202	$ 1,097	0.41%
Static	$ 323,485	$ —		-0.59%				
(100)	$ 326,123	$ 2,638	0.82%	0.82%	1.41%	$ 270,264	$ 5,159	1.95%
(200)	$ 323,998	$ 513	0.16%	1.95%	2.54%	$ 274,379	$ 9,274	3.50%
(300)	$ 307,890	$ (15,595)	-4.82%	3.05%	3.64%	$ 265,028	$ (77)	-0.03%

As is the case with the GAP Table, certain shortcomings are inherent in the methodology used in the above interest rate risk measurements. Modeling changes in NPV require the making of certain assumptions which may or may not reflect the manner in which actual yields and costs respond to changes in market interest rates. In this regard, the models presented assume that the composition of our interest sensitive assets and liabilities existing at the beginning of a period remains constant over the period being measured and also assumes that a particular change in interest rates is reflected uniformly across the yield curve regardless of the duration to maturity or repricing of specific assets and liabilities. Accordingly, although the NPV model provides an indication of interest rate risk exposure at a particular point in time, such model is not intended to and does not provide a precise forecast of the effect of changes in market interest rates on net interest income and will differ from actual results.

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Item 3. Quantitative and Qualitative Disclosures About Market Risk

A smaller reporting company, such as the Company, is not required to provide the information by this Item. Certain market risk disclosure is set forth in Item 2 above under “How We Manage Market Risk.”

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Management, with the participation of the Company’s Chief Executive Officer and its Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company’s disclosure controls and procedures (as defined in Rule l3a-l5 (e) promulgated under the Exchange Act) as of September 30, 2023 March 31, 2024. Based on this evaluation, the Company’s Chief Executive Officer and Chief Financial Officer have concluded that the Company’s disclosure controls and procedures are effective as of September 30, 2023 March 31, 2024 to ensure that the information required to be disclosed by the Company 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 FDIC rules and forms.

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Changes in Internal Control Over Financial Reporting

Due to implementation of CECL, the Bank has made updates to its internal control over financial reporting. Controls around the allowance for loan losses were replaced with CECL controls, including processes and control owners. With the exception of these changes, there There was no change in the Company’s internal control over financial reporting identified during the quarter ended September 30, 2023 March 31, 2024, that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

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PART II–OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

There have been no material changes to the risk factors set forth under the Part I, Item 1.A. Risk Factors as set forth in the Company’s Annual Report on

Form10-Kfor the year ended December 31, 2022, as amended by the risk factors set forth under the Part II, Item 1.A. Risk Factor set forth in the Company's Qua

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

None.

The Company's repurchase of shares of common stock for the three months ended March 31, 2024 were as follows:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Program[1]	Maximum Number of Shares that May Yet be Purchased Under Plans or Programs[1]
				314,000
January 1 - 31, 2024	—	$ —	—	314,000
February 1 - 29, 2024	—	$ —	—	314,000
March 1 - 31, 2024	19,000	$ 30.44	19,000	295,000
	19,000	$ 30.44	19,000	

[1] On August 10, 2023, the Company announced a stock repurchase program to repurchase up to 314,000 shares of common stock, approximately 5% of the Company's outstanding shares of common stock, over a period of time necessary to complete such repurchases.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

During the fiscal quarter ended September 30, 2023 March 31, 2024, none of the Company's directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule10b5-1(c)or any"non-Rule10b5-1trading arrangement".

Item 6. Exhibits

Exhibit Number	Description
2.1	Agreement and Plan of Merger, dated January 18, 2024, by and between Princeton Bancorp, Inc. and Cornerstone Financial Corporation (incorporated by reference to the registrant's Current Report on Form 8-K filed with the SEC on January 18, 2024)*
31.1	Rule 13a-14(a) Certification on the Principal Executive Officer
31.2	Rule 13a-14(a) Certification on the Principal Financial Officer
32	Section 1350 Certifications
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL InlineXBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL InlineXBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL InlineXBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL InlineXBRL Taxonomy Extension Label Linkbase Document LinkbaseDocument
101.PRE	Inline XBRL InlineXBRL Taxonomy Extension Presentation Linkbase Document Label LinkbaseDocument
104	Cover Page Interactive Data File (embedded within the Inline XBRL document) document

* The schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to furnish a copy of such schedules, or any section thereof, to the SEC upon request.

SIGNATURES

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

Princeton Bancorp, Inc.

Date: May 14, 2024

Princeton Bancorp, Inc.

Date: November 13, 2023

By: /s/ Edward Dietzler

Edward Dietzler
Edward Dietzler
Chief Executive Officer and President

(Principal Executive Officer)

By: /s/ George Rapp

George Rapp
Executive Vice President and Chief Financial Officer

(Principal Financial and Accounting Officer)

Exhibit 31.1

RULE 13A-14(a) CERTIFICATION

OF THE PRINCIPAL EXECUTIVE OFFICER

I, Edward Dietzler, Chief Executive Officer and President of Princeton Bancorp, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Princeton 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, considering the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

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

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

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

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

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

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

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

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

Date: November 13, 2023 May 14, 2024

/s/ Edward Dietzler

Edward Dietzler
Chief Executive Officer and President
(Principal Executive Officer)

Exhibit 31.2

RULE 13A-14(a) CERTIFICATION

OF THE PRINCIPAL FINANCIAL OFFICER

I, George Rapp, Executive Vice President and Chief Financial Officer of Princeton Bancorp, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Princeton Bancorp, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

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

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

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

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

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

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

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

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

Date: November 13, 2023 May 14, 2024

/s/ George Rapp

George Rapp
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32

SECTION 1350 CERTIFICATIONS

In connection with the Quarterly Report of Princeton Bancorp, Inc. on Form 10-Q for the period ended September 30, 2023 March 31, 2024 as filed with the United States Securities and Exchange Commission on the date hereof (the "Report"), the undersigned certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Princeton Bancorp, Inc.

/s/ Edward Dietzler

Edward Dietzler
Chief Executive Officer and President
(Principal Executive Officer)

/s/ George Rapp

George Rapp
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: May 14, 2024

Date: November 13, 2023

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.