REFINITIV

DELTA REPORT

10-Q

PKBK - PARKE BANCORP, INC.

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

The following comparison report has been automatically generated

TOTAL DELTAS	590
CHANGES	286
DELETIONS	144
ADDITIONS	160

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

FORM 10-Q

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

For the quarterly period ended: June 30, 2024 September 30, 2024

or

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

For the transition period from ____________ to ____________

Commission File No. **000-51338**

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

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

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

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

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

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

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

Yes [☒] No [☐]

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

Yes [☒] No [☐]

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

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

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

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

Yes [☐] No [☒]

As of August 2, 2024 November 1, 2024, there were 11,977,398 11,884,594 shares of the registrant's common stock ($0.10 par value) outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	June 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Assets	**Assets**		**Assets**	
Cash and due from banks				
Interest bearing deposits with banks				
Cash and cash equivalents				
Investment securities available for sale, at fair value				
Investment securities held to maturity, net of allowance for credit losses of $0 at June 30, 2024 and December 31, 2023 (fair value of $7,564 at June 30, 2024 and $7,892 at December 31, 2023)				
Investment securities held to maturity, net of allowance for credit losses of $0 at September 30, 2024 and December 31, 2023 (fair value of $7,872 at September 30, 2024 and $7,892 at December 31, 2023)				
Total investment securities				
Loans, net of unearned income				
Loans, net of unearned income				
Loans, net of unearned income				
Less: Allowance for credit losses				
Net loans				
Accrued interest receivable				
Premises and equipment, net				
Restricted stock				
Bank owned life insurance (BOLI)				
Deferred tax asset				
Other real estate owned (OREO)				
Other				
Total assets				
Liabilities and Shareholders' Equity	**Liabilities and Shareholders' Equity**		**Liabilities and Shareholders' Equity**	
Liabilities	Liabilities		Liabilities	
Deposits	Deposits		Deposits	
Noninterest-bearing deposits				
Interest-bearing deposits				
Total deposits				
FHLBNY borrowings				
Subordinated debentures				
Subordinated debentures				
Subordinated debentures				
Accrued interest payable				
Other				
Total liabilities				
Shareholders' Equity	Shareholders' Equity		Shareholders' Equity	
Preferred stock, 1,000,000 shares authorized, $1,000 liquidation value Series B non-cumulative convertible; 325 shares and 375 shares outstanding at June 30, 2024 and December 31, 2023, respectively				
Common stock, $0.10 par value; authorized 15,000,000 shares; Issued: 12,254,220 shares and 12,240,821 shares at June 30, 2024 and December 31, 2023, respectively				
Preferred stock, 1,000,000 shares authorized, $1,000 liquidation value Series B non-cumulative convertible; 325 shares and 375 shares outstanding at September 30, 2024 and December 31, 2023, respectively				
Common stock, $0.10 par value; authorized 15,000,000 shares; Issued: 12,264,116 shares and 12,240,821 shares at September 30, 2024 and December 31, 2023, respectively				
Additional paid-in capital				

Retained earnings	
Accumulated other comprehensive loss	
Treasury stock, 284,522 shares at June 30, 2024 and December 31, 2023, at cost	
Treasury stock, 381,723 shares and 284,522 shares at September 30, 2024 and December 31, 2023, at cost	
Total shareholders’ equity	
Total liabilities and shareholders' equity	
Total liabilities and shareholders' equity	
Total liabilities and shareholders' equity	

See accompanying notes to the unaudited consolidated financial statements

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,		For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023	2024	2023	2024	2023
Interest income:								
Interest income:								
Interest income:								
Interest income:								
Interest income:								
Interest income:								
Interest income:								
Interest income:								
Interest income:								
Interest income:								
Interest income:								
Interest income:								
Interest income:								
Interest income:								
Interest income:								
Interest income:								
Interest income:								
Interest income:								
Interest income:								
Interest income:								
Interest income:								
Interest and fees on loans								
Interest and fees on loans								
Interest and fees on loans								
Interest and dividends on investments								
Interest on deposits with banks								
Total interest income								
Interest expense:								
Interest on deposits								
Interest on deposits								
Interest on deposits								
Interest on borrowings								

Total interest expense
Net interest income
Provision for (recovery of) credit losses
Net interest income after provision for (recovery of) credit losses
Non-interest income
Service fees on deposit accounts
Service fees on deposit accounts
Service fees on deposit accounts
Gain on sale of SBA loans
Gain (loss) on sale of SBA loans
Other loan fees
Bank owned life insurance income
Other
Other
Net gain on sale and valuation adjustment of OREO
Other
Total non-interest income
Non-interest expense
Compensation and benefits
Compensation and benefits
Compensation and benefits
Professional services
Occupancy and equipment
Data processing
FDIC insurance and other assessments
OREO expense
Other operating expense
Total non-interest expense
Income before income tax expense
Income tax expense
Net income attributable to Company
Less: Preferred stock dividend
Less: Preferred stock dividend
Less: Preferred stock dividend
Net income available to common shareholders
Earnings per common share
Basic
Basic
Basic
Diluted
Weighted average common shares outstanding
Basic
Basic
Basic
Diluted

See accompanying notes to the unaudited consolidated financial statements

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,		For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023	2024	2023	2024	2023
Net income attributable to the Company								
Net income attributable to the Company								
Net income attributable to the Company								
Unrealized gain (loss) on investment securities								
Unrealized gain (loss) on investment securities								
Unrealized gain (loss) on investment securities								
Tax impact on unrealized (gain) loss								
Total unrealized gain (loss) on investment securities								
Comprehensive income attributable to the Company								
Comprehensive income attributable to the Company								
Comprehensive income attributable to the Company								

See accompanying notes to the unaudited consolidated financial statements

Parke Bancorp, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF EQUITY
(unaudited)
(Dollars in thousands except share data)
Periods ended June 30, 2024 September 30, 2024

Three Months Ended
Three Months Ended
Three Months Ended
Balance, March 31, 2024
Balance, March 31, 2024
Balance, March 31, 2024
Balance, March 31, 2024
Balance, March 31, 2024
Balance, March 31, 2024
Balance, March 31, 2024
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Balance, June 30, 2024
Balance, June 30, 2024
Balance, June 30, 2024
Balance, June 30, 2024
Balance, June 30, 2024
Balance, June 30, 2024
Net income
Net income
Net income
Preferred stock shares conversion
Common stock options exercised
Preferred stock shares conversion
Common stock options exercised
Common stock options exercised
Preferred stock shares conversion
Treasury stock purchase (100,000 of shares)
Treasury stock purchase (100,000 of shares)
Treasury stock purchase (100,000 of shares)
Other comprehensive income
Other comprehensive income
Other comprehensive income
Stock compensation expense
Stock compensation expense
Stock compensation expense
Dividend on preferred stock ($15.00 per share)
Dividend on preferred stock ($15.00 per share)
Dividend on preferred stock ($15.00 per share)
Dividend on common stock ($0.18 per share)
Dividend on common stock ($0.18 per share)
Dividend on common stock ($0.18 per share)
Balance, June 30, 2024
Balance, June 30, 2024

Balance, June 30, 2024
Six Months Ended
Six Months Ended
Six Months Ended
Balance, September 30, 2024
Balance, September 30, 2024
Balance, September 30, 2024
Nine Months Ended
Nine Months Ended
Nine Months Ended
Balance, December 31, 2023
Balance, December 31, 2023
Balance, December 31, 2023
Net income
Net income
Net income
Common stock options exercised
Common stock options exercised
Common stock options exercised
Preferred stock shares conversion
Preferred stock shares conversion
Preferred stock shares conversion
Other comprehensive loss
Other comprehensive loss
Other comprehensive loss
Treasury stock purchase (100,000 of shares)
Treasury stock purchase (100,000 of shares)
Treasury stock purchase (100,000 of shares)
Other comprehensive income
Other comprehensive income
Other comprehensive income
Stock compensation expense
Stock compensation expense
Stock compensation expense
Dividend on preferred stock ($30.00 per share)
Dividend on preferred stock ($30.00 per share)
Dividend on preferred stock ($30.00 per share)
Dividend on common stock ($0.36 per share)
Dividend on common stock ($0.36 per share)
Dividend on common stock ($0.36 per share)
Balance, June 30, 2024
Balance, June 30, 2024
Balance, June 30, 2024
Dividend on preferred stock ($45.00 per share)
Dividend on preferred stock ($45.00 per share)
Dividend on preferred stock ($45.00 per share)
Dividend on common stock ($0.54 per share)
Dividend on common stock ($0.54 per share)
Dividend on common stock ($0.54 per share)
Balance, September 30, 2024
Balance, September 30, 2024
Balance, September 30, 2024

See accompanying notes to the unaudited consolidated financial statements

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

Periods ended June 30, 2023 September 30, 2023

Three Months Ended

Three Months Ended

Three Months Ended

Balance, March 31, 2023

Balance, March 31, 2023

Balance, March 31, 2023

Balance, March 31, 2023

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Balance, June 30, 2023
Balance, June 30, 2023
Balance, June 30, 2023
Balance, June 30, 2023
Balance, June 30, 2023
Net income
Net income
Net income
Other comprehensive loss
Other comprehensive loss
Other comprehensive loss
Stock compensation expense
Stock compensation expense
Stock compensation expense
Dividend on preferred stock ($15.00 per share)
Dividend on preferred stock ($15.00 per share)
Dividend on preferred stock ($15.00 per share)
Dividend on common stock ($0.18 per share)
Dividend on common stock ($0.18 per share)
Dividend on common stock ($0.18 per share)
Balance, June 30, 2023
Balance, June 30, 2023
Balance, June 30, 2023
Six Months Ended
Six Months Ended
Six Months Ended
Balance, September 30, 2023
Balance, September 30, 2023
Balance, September 30, 2023
Nine Months Ended
Nine Months Ended
Nine Months Ended
Balance, December 31, 2022
Balance, December 31, 2022
Balance, December 31, 2022
Cumulative effect of adoption of ASU 2016-3
Cumulative effect of adoption of ASU 2016-3
Cumulative effect of adoption of ASU 2016-3
Net income
Net income
Net income
Common stock options exercised
Common stock options exercised
Common stock options exercised
Other comprehensive income
Other comprehensive loss
Other comprehensive income
Other comprehensive loss
Other comprehensive income
Other comprehensive loss
Stock compensation expense
Stock compensation expense
Stock compensation expense

Dividend on preferred stock ($30.00 per share)
Dividend on preferred stock ($45.00 per share)
Dividend on preferred stock ($30.00 per share)
Dividend on preferred stock ($45.00 per share)
Dividend on preferred stock ($30.00 per share)
Dividend on common stock ($0.36 per share)
Dividend on common stock ($0.36 per share)
Dividend on common stock ($0.36 per share)
Balance, June 30, 2023
Balance, June 30, 2023
Balance, June 30, 2023
Dividend on preferred stock ($45.00 per share)
Dividend on common stock ($0.54 per share)
Dividend on common stock ($0.54 per share)
Dividend on common stock ($0.54 per share)
Balance, September 30, 2023
Balance, September 30, 2023
Balance, September 30, 2023

See accompanying notes to the unaudited consolidated financial statements

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

		For the Six Months Ended June 30,		For the Nine Months Ended September 30,	
		2024	2023	2024	2023
Cash Flows from Operating Activities:					
Cash Flows from Operating Activities:					
Cash Flows from Operating Activities:					
Cash Flows from Operating Activities:					
Cash Flows from Operating Activities:					
Cash Flows from Operating Activities:					
Cash Flows from Operating Activities:					
Cash Flows from Operating Activities:					
Cash Flows from Operating Activities:					
Net income					
Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:			Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization					
Provision for (recovery of) credit losses					
Increase in value of bank owned life insurance					
Gain on sale of SBA loans					
SBA loans originated for sale					
Proceeds from sale of SBA loans originated for sale					
Net accretion of purchase premiums and discounts on securities					
Net accretion of purchase premiums and discounts on securities					
Net gain on sale of OREO and valuation adjustments					
Net accretion of purchase premiums and discounts on securities					
Stock based compensation					
Net changes in:					

Net changes in:		
Net changes in:		
Decrease (increase) in accrued interest receivable and other assets		
Increase in accrued interest payable and other accrued liabilities		
Net cash provided by operating activities		
Cash Flows from Investing Activities:	Cash Flows from Investing Activities:	Cash Flows from Investing Activities:
Repayments and maturities of investment securities available for sale		
Repayments and maturities of investment securities held to maturity		
Net increase in loans		
Net increase in loans		
Net increase in loans		
(Purchases) sales of bank premises and equipment		
Redemptions of restricted stock		
Redemptions of restricted stock		
Proceeds from sale of OREO, net		
Redemptions of restricted stock		
Purchases of restricted stock		
Net cash used in investing activities		
Cash Flows from Financing Activities:	Cash Flows from Financing Activities:	Cash Flows from Financing Activities:
Cash dividends		
Proceeds from exercise of stock options		
Proceeds from exercise of stock options		
Treasury stock purchase		
Proceeds from exercise of stock options		
Conversion of Series B preferred stock		
Decrease in FHLBNY long-term borrowings		
(Decrease) increase in FHLBNY long-term borrowings		
Net increase in FHLBNY short-term borrowings		
Increase in Federal Reserve short-term borrowings		
Net decrease in noninterest-bearing deposits		
Net decrease in interest-bearing deposits		
Net cash used in financing activities		
Net decrease in noninterest-bearing deposits		
Net decrease in noninterest-bearing deposits		
Net increase in interest-bearing deposits		
Net cash provided by (used in) financing activities		
Net decrease in cash and cash equivalents		
Cash and Cash Equivalents, January 1,		
Cash and Cash Equivalents, June 30,		
Cash and Cash Equivalents, September 30,		
Supplemental Disclosure of Cash Flow Information:		
Supplemental Disclosure of Cash Flow Information:		
Supplemental Disclosure of Cash Flow Information:		

Interest paid

Income taxes paid

Non-cash Investing and Financing Items

Non-cash Investing and Financing Items

Non-cash Investing and Financing Items

Loans transferred to OREO

Accrued dividends payable

See accompanying notes to the unaudited consolidated financial statements

Notes to Consolidated Financial Statements (Unaudited)

NOTE 1. ORGANIZATION

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

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

NOTE 3. INVESTMENT SECURITIES

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

As of June 30, 2024	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
	(Dollars in thousands)			
Available for sale:				
Residential mortgage-backed securities	$ 6,804	$ 1	$ 547	$ 6,258
Total available for sale	$ 6,804	$ 1	$ 547	$ 6,258
Held to maturity:				
Residential mortgage-backed securities	$ 5,332	$ —	$ 1,179	$ 4,153
States and political subdivisions	3,919	5	513	3,411
Total held to maturity	$ 9,251	$ 5	$ 1,692	$ 7,564

As of December 31, 2023	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
	(Dollars in thousands)			
Available for sale:				
Residential mortgage-backed securities	$ 7,639	$ 3	$ 547	$ 7,095
Total available for sale	$ 7,639	$ 3	$ 547	$ 7,095
Held to maturity:				
Residential mortgage-backed securities	$ 5,406	$ —	$ 1,054	$ 4,352
States and political subdivisions	3,886	38	384	3,540
Total held to maturity	$ 9,292	$ 38	$ 1,438	$ 7,892

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

	Amortized Cost	Fair Value
	(Dollars in thousands)	
Available for sale:		
Due within one year	$ —	$ —
Due after one year through five years	2,576	2,406
Due after five years through ten years	850	788
Due after ten years	3,378	3,064
Total available for sale	$ 6,804	$ 6,258
Held to maturity:		
Due within one year	$ —	$ —
Due after one year through five years	1,446	1,451
Due after five years through ten years	1,507	1,205
Due after ten years	6,298	4,908
Total held to maturity	$ 9,251	$ 7,564

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

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

As of June 30, 2024	Less Than 12 Months		12 Months or Greater		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(Dollars in thousand)					
Available for sale:						
Residential mortgage-backed securities	$ 130	$ 1	$ 6,070	$ 546	$ 6,200	$ 547
Total available for sale	$ 130	$ 1	$ 6,070	$ 546	$ 6,200	$ 547

As of December 31, 2023	Less Than 12 Months		12 Months or Greater		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(Dollars in thousands)					
Available for sale:						
Residential mortgage-backed securities	$ 25	$ —	$ 6,870	$ 547	$ 6,895	$ 547
Total available for sale	$ 25	$ —	$ 6,870	$ 547	$ 6,895	$ 547

On at least a quarterly basis, we review all debt securities that are in an unrealized loss position for a credit loss. An investment security is deemed impaired if the fair value of the investment is less than its amortized cost. Amortized cost includes adjustments (if any) made to the cost basis of an investment for accretion, amortization, and previous other-than-temporary impairments. For individual debt securities classified as available for sale, we determine whether a decline in fair value below the amortized cost has resulted from a credit loss or other factors. If the decline in fair value is due to credit, we will record the portion of the impairment loss relating to credit through an allowance for credit losses. Impairment that has not been recorded through an allowance for credit losses is recorded through other comprehensive income, net of applicable taxes.

The Company's unrealized loss for the debt securities classified as available for sale is comprised of 11 securities in the less than 12 months loss position and 16 securities in the 12 months or greater loss position at June 30, 2024. These securities are mortgage-backed securities that had unrealized losses issued or guaranteed by the US government or US government sponsored entities. The unrealized losses associated with those mortgage-backed securities are generally driven by changes in interest rates and are not due to credit losses given the explicit or implicit guarantees provided by the U.S. government. Because the Company does not intend to sell the securities and it is not more likely than not that the Company will be required to sell these investments before recovery of their amortized cost basis, the Company does not consider the unrealized loss in these securities to be credit losses at June 30, 2024.

The Company classifies the held-to-maturity debt securities into the following major security types: residential mortgage backed, and state and political subdivisions. These securities are highly rated with a history of no credit losses, and are assigned ratings based on the most recent data from ratings agencies depending on the availability of data for the security. Credit ratings of held-to-maturity debt securities, which are a significant input in calculating the expected credit loss, are reviewed on a quarterly basis. Based on the credit ratings of our held-to-maturity securities and our historical experience including no losses, we have determined that an allowance for credit loss on the held-to-maturity portfolio is not required. Because the Company does not intend to sell the securities and it is not more likely than not that the Company will be required to sell these investments before recovery of their amortized cost basis, the Company does not consider the unrealized loss in these securities to be credit losses at June 30, 2024.

NOTE 4. LOANS AND ALLOWANCE FOR CREDIT LOSSES ON LOANS

At June 30, 2024 and December 31, 2023, the Company had $1.81 billion and $1.79 billion, respectively, in loans receivable outstanding. Outstanding balances include $2.1 million and $2.7 million at June 30, 2024 and December 31, 2023, respectively, for net deferred loan costs, and unamortized discounts.

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

	June 30, 2024	December 31, 2023
	(Dollars in thousands)	
Commercial and Industrial	$ 35,954	$ 35,451
Construction	179,662	157,556
Real Estate Mortgage:		
Commercial – Owner Occupied	138,002	141,742
Commercial – Non-owner Occupied	351,325	369,909
Residential – 1 to 4 Family	443,968	449,682
Residential – 1 to 4 Family Investment	523,809	524,167
Residential – Multifamily	127,298	103,324
Consumer	5,123	5,509
Total Loan receivable	1,805,141	1,787,340
Allowance for credit losses on loans	(32,425)	(32,131)
Total loan receivable, net of allowance for credit losses on loans	$ 1,772,716	$ 1,755,209

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

June 30, 2024	30-59 Days Past Due	60-89 Days Past Due	Greater than 90 Days	Total Past Due	Current	Total Loans
	(Dollars in Thousands)					
Commercial and Industrial	$ —	$ —	$ 694	$ 694	$ 35,260	$ 35,954
Construction	—	—	1,091	1,091	178,571	179,662
Real Estate Mortgage:						
Commercial – Owner Occupied	—	—	1,117	1,117	136,885	138,002
Commercial – Non-owner Occupied	—	3,806	2,106	5,912	345,413	351,325
Residential – 1 to 4 Family	14	67	1,955	2,036	441,932	443,968
Residential – 1 to 4 Family Investment	—	1,256	—	1,256	522,553	523,809
Residential – Multifamily	—	—	—	—	127,298	127,298
Consumer	—	—	—	—	5,123	5,123

	30-59 Days Past Due	60-89 Days Past Due	Greater than 90 Days	Total Past Due	Current	Total Loans
Total Loans	$ 14	$ 5,129	$ 6,963	$ 12,106	$ 1,793,035	$ 1,805,141

December 31, 2023	30-59 Days Past Due	60-89 Days Past Due	Greater than 90 Days	Total Past Due	Current	Total Loans
	(Dollars in thousands)					
Commercial and Industrial	$ —	$ —	$ 712	$ 712	$ 34,739	$ 35,451
Construction	—	—	1,091	1,091	156,465	157,556
Real Estate Mortgage:						
Commercial – Owner Occupied	—	—	1,117	1,117	140,625	141,742
Commercial – Non-owner Occupied	—	1,549	3,107	4,656	365,253	369,909
Residential – 1 to 4 Family	58	1,793	1,211	3,062	446,620	449,682
Residential – 1 to 4 Family Investment	—	440	—	440	523,727	524,167
Residential – Multifamily	—	—	—	—	103,324	103,324
Consumer	66	—	—	66	5,443	5,509
Total Loans	$ 124	$ 3,782	$ 7,238	$ 11,144	$ 1,776,196	$ 1,787,340

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

	June 30, 2024				
(amounts in thousands)	Nonaccrual with no ACL	Nonaccrual with ACL	Total Nonaccrual	Loans Past Due Over 90 Days Still Accruing	Total Nonperforming
Commercial and Industrial	$ —	$ 694	$ 694	$ —	$ 694
Construction	1,091	—	1,091	—	1,091
Commercial - Owner Occupied	717	400	1,117	—	1,117
Commercial - Non-owner Occupied	2,106	—	2,106	—	2,106
Residential - 1 to 4 Family	1,209	746	1,955	—	1,955
Residential - 1 to 4 Family Investment	—	—	—	—	—
Residential - Multifamily	—	—	—	—	—
Consumer	—	—	—	—	—
Total	$ 5,123	$ 1,840	$ 6,963	$ —	$ 6,963

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

Allowance For Credit Losses (ACL)

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

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

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

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

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

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

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

NOTE 3. INVESTMENT SECURITIES

The following is a summary of the Company's investments in available for sale and held to maturity securities as of September 30, 2024 and December 31, 2023. None of the securities shown below required an allowance for credit losses.

As of September 30, 2024	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
	(Dollars in thousands)			
Available for sale:				
Residential mortgage-backed securities	$ 6,401	$ 8	$ 368	$ 6,041
Total available for sale	$ 6,401	$ 8	$ 368	$ 6,041
Held to maturity:				
Residential mortgage-backed securities	$ 5,292	$ —	$ 950	$ 4,342
States and political subdivisions	3,936	34	440	3,530
Total held to maturity	$ 9,228	$ 34	$ 1,390	$ 7,872

As of December 31, 2023	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
	(Dollars in thousands)			
Available for sale:				
Residential mortgage-backed securities	$ 7,639	$ 3	$ 547	$ 7,095
Total available for sale	$ 7,639	$ 3	$ 547	$ 7,095
Held to maturity:				
Residential mortgage-backed securities	$ 5,406	$ —	$ 1,054	$ 4,352
States and political subdivisions	3,886	38	384	3,540

Total held to maturity	$ 9,292	$ 38	$ 1,438	$ 7,892

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

	Amortized Cost	Fair Value
	(Dollars in thousands)	
Available for sale:		
Due within one year	$ —	$ —
Due after one year through five years	2,331	2,214
Due after five years through ten years	794	755
Due after ten years	3,276	3,072
Total available for sale	$ 6,401	$ 6,041
Held to maturity:		
Due within one year	$ —	$ —
Due after one year through five years	1,463	1,497
Due after five years through ten years	1,507	1,251
Due after ten years	6,258	5,124
Total held to maturity	$ 9,228	$ 7,872

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

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

As of September 30, 2024	Less Than 12 Months		12 Months or Greater		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(Dollars in thousand)					
Available for sale:						
Residential mortgage-backed securities	$ —	$ —	$ 5,406	$ 368	$ 5,406	$ 368
Total available for sale	$ —	$ —	$ 5,406	$ 368	$ 5,406	$ 368

As of December 31, 2023	Less Than 12 Months		12 Months or Greater		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(Dollars in thousands)					
Available for sale:						
Residential mortgage-backed securities	$ 25	$ —	$ 6,870	$ 547	$ 6,895	$ 547
Total available for sale	$ 25	$ —	$ 6,870	$ 547	$ 6,895	$ 547

On at least a quarterly basis, we review all debt securities that are in an unrealized loss position for a credit loss. An investment security is deemed impaired if the fair value of the investment is less than its amortized cost. Amortized cost includes adjustments (if any) made to the cost basis of an investment for accretion, amortization, and previous other-than-temporary impairments. For individual debt securities classified as available for sale, we determine whether a decline in fair value below the amortized cost has resulted from a credit loss or other factors. If the decline in fair value is due to credit, we will record the portion of the impairment loss relating to credit through an allowance for credit losses. Impairment that has not been recorded through an allowance for credit losses is recorded through other comprehensive income, net of applicable taxes.

The Company's unrealized loss for the debt securities classified as available for sale is comprised of 0 securities in the less than 12 months loss position and 14 securities in the 12 months or greater loss position at September 30, 2024. These securities are mortgage-backed securities that had unrealized losses issued or guaranteed by the US government or US government sponsored entities. The unrealized losses associated with those mortgage-backed securities are generally driven by changes in interest rates and are not due to credit losses given the explicit or implicit guarantees provided by the U.S. government. Because the Company does not intend to sell the securities and it is not more likely than not that the Company will be required to sell these investments before recovery of their amortized cost basis, the Company does not consider the unrealized loss in these securities to be credit losses at September 30, 2024.

The Company classifies the held-to-maturity debt securities into the following major security types: residential mortgage backed, and state and political subdivisions. These securities are highly rated with a history of no credit losses, and are assigned ratings based on the most recent data from ratings agencies depending on the availability of data for the security. Credit ratings of held-to-maturity debt securities, which are a significant input in calculating the expected credit loss, are reviewed on a quarterly basis. Based on the credit ratings of our held-to-maturity securities and our historical experience including no losses, we have determined that an allowance for credit loss on the held-to-maturity portfolio is not required. Because the Company does not intend to sell the securities and it is not more likely than not that the Company will be required to sell these investments before recovery of their amortized cost basis, the Company does not consider the unrealized loss in these securities to be credit losses at September 30, 2024.

NOTE 4. LOANS AND ALLOWANCE FOR CREDIT LOSSES ON LOANS

At September 30, 2024 and December 31, 2023, the Company had $1.84 billion and $1.79 billion, respectively, in loans receivable outstanding. Outstanding balances include $2.0 million and $2.7 million at September 30, 2024 and December 31, 2023, respectively, for net deferred loan costs, and unamortized discounts.

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

	September 30, 2024	December 31, 2023
	(Dollars in thousands)	
Commercial and Industrial	$ 34,812	$ 35,451
Construction	176,534	157,556
Real Estate Mortgage:		
Commercial – Owner Occupied	150,209	141,742
Commercial – Non-owner Occupied	365,563	369,909
Residential – 1 to 4 Family	452,723	449,682
Residential – 1 to 4 Family Investment	517,777	524,167
Residential – Multifamily	137,282	103,324
Consumer	5,029	5,509
Total Loan receivable	1,839,929	1,787,340
Allowance for credit losses on loans	(32,318)	(32,131)
Total loan receivable, net of allowance for credit losses on loans	$ 1,807,611	$ 1,755,209

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

September 30, 2024	30-59 Days Past Due	60-89 Days Past Due	Greater than 90 Days	Total Past Due	Current	Total Loans
	(Dollars in Thousands)					
Commercial and Industrial	$ —	$ —	$ 686	$ 686	$ 34,126	$ 34,812
Construction	—	—	1,091	1,091	175,443	176,534
Real Estate Mortgage:						
Commercial – Owner Occupied	—	76	1,061	1,137	149,072	150,209
Commercial – Non-owner Occupied	—	—	5,195	5,195	360,368	365,563
Residential – 1 to 4 Family	121	—	2,865	2,986	449,737	452,723
Residential – 1 to 4 Family Investment	—	637	1,557	2,194	515,583	517,777
Residential – Multifamily	—	—	—	—	137,282	137,282
Consumer	—	—	—	—	5,029	5,029
Total Loans	$ 121	$ 713	$ 12,455	$ 13,289	$ 1,826,640	$ 1,839,929

December 31, 2023	30-59 Days Past Due	60-89 Days Past Due	Greater than 90 Days	Total Past Due	Current	Total Loans
	(Dollars in thousands)					
Commercial and Industrial	$ —	$ —	$ 712	$ 712	$ 34,739	$ 35,451
Construction	—	—	1,091	1,091	156,465	157,556
Real Estate Mortgage:						
Commercial – Owner Occupied	—	—	1,117	1,117	140,625	141,742
Commercial – Non-owner Occupied	—	1,549	3,107	4,656	365,253	369,909

Residential – 1 to 4 Family	58	1,793	1,211	3,062	446,620	449,682
Residential – 1 to 4 Family Investment	—	440	—	440	523,727	524,167
Residential – Multifamily	—	—	—	—	103,324	103,324
Consumer	66	—	—	66	5,443	5,509
Total Loans	$ 124	$ 3,782	$ 7,238	$ 11,144	$ 1,776,196	$ 1,787,340

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

	September 30, 2024				
(amounts in thousands)	Nonaccrual with no ACL	Nonaccrual with ACL	Total Nonaccrual	Loans Past Due Over 90 Days Still Accruing	Total Nonperforming
Commercial and Industrial	$ —	$ 686	$ 686	$ —	$ 686
Construction	1,091	—	1,091	—	1,091
Commercial - Owner Occupied	1,061	—	1,061	—	1,061
Commercial - Non-owner Occupied	5,195	—	5,195	—	5,195
Residential - 1 to 4 Family	2,062	746	2,808	57	2,865
Residential - 1 to 4 Family Investment	1,351	—	1,351	206	1,557
Residential - Multifamily	—	—	—	—	—
Consumer	—	—	—	—	—
Total	$ 10,760	$ 1,432	$ 12,192	$ 263	$ 12,455

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

Allowance for Credit Losses on Off-Balance Sheet Credit Exposures

The Company estimates expected credit losses over the contractual period in which the Company is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Company. The allowance for credit losses on off-balance sheet credit exposures is adjusted through the provision for credit loss expense. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life. At June 30, 2024 September 30, 2024 and December 31, 2023, the allowance for credit losses on off-balance sheet credit exposures was $896.0 $864.0 thousand and $499.0 thousand, respectively, on exposures totaling $177.7 $159.9 million and $133.7 million, respectively. The provision (recovery) for credit losses on off balance sheet exposures during the three and nine month periods ending September 30, 2024 and 2023 were $(32.2) thousand and $365.2 thousand, and zero and $(200.0) thousand, respectively.

Allowance for Credit Losses (ACL)

The following tables present the information regarding the allowance for credit losses for the three and six nine months ended June 30, 2024 September 30, 2024 and 2023:

Real Estate Mortgage

Commercial and Industrial

Commercial and Industrial

Commercial and Industrial

(Dollars in thousands)

(Dollars in thousands)

	(Dollars in thousands)
Three months ended June 30, 2024	
Three months ended June 30, 2024	
Three months ended June 30, 2024	
March 31, 2024	
March 31, 2024	
March 31, 2024	
Three months ended September 30, 2024	
Three months ended September 30, 2024	
Three months ended September 30, 2024	
June 30, 2024	
June 30, 2024	
June 30, 2024	
Charge-offs	
Charge-offs	
Charge-offs	
Recoveries	
Recoveries	
Recoveries	
Provisions (benefits)	
Provisions (benefits)	
Provisions (benefits)	
Ending Balance at June 30, 2024	
Ending Balance at June 30, 2024	
Ending Balance at June 30, 2024	
Ending Balance at September 30, 2024	
Ending Balance at September 30, 2024	
Ending Balance at September 30, 2024	
Allowance for credit losses	
Allowance for credit losses	
Allowance for credit losses	
Six months ended June 30, 2024	
Six months ended June 30, 2024	
Six months ended June 30, 2024	
Nine months ended September 30, 2024	
Nine months ended September 30, 2024	
Nine months ended September 30, 2024	
December 31, 2023	
December 31, 2023	
December 31, 2023	
Charge-offs	
Charge-offs	
Charge-offs	
Recoveries	
Recoveries	
Recoveries	
Provisions (benefits)	
Provisions (benefits)	
Provisions (benefits)	
Ending Balance at June 30, 2024	
Ending Balance at June 30, 2024	
Ending Balance at June 30, 2024	
Ending Balance at September 30, 2024	
Ending Balance at September 30, 2024	
Ending Balance at September 30, 2024	

During the quarter, the increase to the Construction Commercial Owner Occupied portfolio was due to an increase in the portfolio balance that increased the loan exposure and also caused changes to the qualitative factors related to concentration levels within the portfolio segments. The decrease to the Commercial Owner Non-Owner Occupied is due to a decrease in problem loan qualitative factor, partially offset by an increase in the economic condition factor. The decrease in the Residential 1 to 4 Family and Investment portfolio is due to a downward adjustment of the Residential Multifamily portfolios is driven by changes to derived historical loss rate which better reflects the qualitative factors related to concentration levels within problem loan risk of loss of the portfolio segments. portfolio.

For the year to date, the increase in the Construction, Commercial Owner Occupied, and Residential Multifamily portfolios was due to increases in the portfolio balances that increased the loan exposure and also caused changes to the qualitative factors related to concentration levels within the portfolio segments. The increase in the Residential 1 to 4 Family Investment portfolio was due to increase to the qualitative factors related to concentration and problem loan levels within the portfolio segments. The decrease to the Commercial Owner Occupied and Commercial Non-owner Non-Owner Occupied portfolios was due to decreases a decrease in the portfolio balances portfolios internally classified problem loan balance that decreased the problem loan exposure and also caused changes to the qualitative factors related to concentration levels within the portfolio segments. factor.

			Real Estate Mortgage														
	Commercial and Industrial Commercial and Industrial Commercial and Industrial	Construction	Commercial Owner Occupied	Commercial Non-owner Occupied	Residential 1 to 4 Family	Residential 1 to 4 Family Investment	Residential Multifamily	Consumer	Total	Construction	Commercial Owner Occupied	Commercial Non-owner Occupied	Residential 1 to 4 Family	Residential 1 to 4 Family Investment	Residential Multifamily	Consumer	Total
	(Dollars in thousands)																
Three months ended June 30, 2023																	
March 31, 2023																	
March 31, 2023																	
March 31, 2023																	
Three months ended September 30, 2023																	
June 30, 2023																	
June 30, 2023																	
June 30, 2023																	
Charge-offs																	
Charge-offs																	
Charge-offs																	
Recoveries																	
Provisions (benefits)																	
Ending Balance at June 30, 2023																	
Ending Balance at September 30, 2023																	

Six months ended June 30, 2023

Nine months ended September 30, 2023

Six months ended June 30, 2023

Nine months ended September 30, 2023

Six months ended June 30, 2023

Nine months ended September 30, 2023

December 31, 2022

December 31, 2022

December 31, 2022

Impact of adoption ASC 326

Charge-offs

Recoveries

Provisions (benefits)

Ending Balance at September 30, 2022

Ending Balance at September 30, 2023

During the quarter, the increase to provision for the Construction segment Residential 1 to 4 Family and Residential 1 to 4 Family Investment portfolio's was due to an increase in the portfolio balance, while the balances as well as an increase in provision the qualitative factor for the Residential 1 to the Commercial Non-owner Occupied segment was 4 Family Residential
portfolio driven by an increase to the specific reserve. in delinquent loan balances. The
credit provision during the quarter to the Commercial and Industrial and Residential 1-4 Family Investment segments were largely Construction segment driven by declines or slowdowns was mainly due to growth within a decrease in the portfolio that lowered the loan exposure and also caused changes to the qualitative factors related to loan volume within the portfolio segments. balance.

For the six nine months ended June 30, 2023 September 30, 2023, the increase to the provision for the Residential 1 to 4 Family portfolio was mainly driven by an increase in the qualitative factor due to an increase in delinquent loan balances. The credit provision to the Construction, Commercial Owner Occupied, Residential 1 to 4 Family, Construction and Residential 1 to 4 Family Investment segments was largely driven by declines or slowdowns to growth within the the portfolio that lowered loan exposure and also caused changes to the qualitative factors related to loan volume within the portfolio portfolio segments, partially offset by increases in balances an increase in the Construction and balance of the Residential 1 - 4 Family Investment segments. segment. The credit provision for the Commercial Owner Occupied portfolio is attributed to a decrease in the historical vintage reserve rate.

Collateral-Dependent Loans

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

(amounts in thousands)	Real Estate		Business Assets		Other	
Commercial and Industrial	$	694 686	$	—	$	—
Construction		1,091		—		—
Commercial - Owner Occupied		1,117 1,061		—		—
Commercial - Non-owner Occupied		2,106 5,195		—		—
Residential - 1 to 4 Family		1,955 2,808		—		—
Residential - 1 to 4 Family Investment		— 1,351		—		—
Residential - Multifamily		—		—		—
Consumer		—		—		—
Total	$	6,963 12,192	$	—	$	—

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

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

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

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

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

The following tables provide an analysis of loans by portfolio segment based on the credit quality indicators used to determine the allowance for credit losses, as of June 30, 2024 September 30, 2024.

(Dollars in thousands)

(Dollars in thousands)

(Dollars in thousands)

As of June 30, 2024							
As of June 30, 2024							
As of June 30, 2024	**2024**	**2023**	**2022**	**2021**	**2020**	**Prior**	**Total**
As of September 30, 2024							
As of September 30, 2024							
As of September 30, 2024	**2024**	**2023**	**2022**	**2021**	**2020**	**Prior**	**Total**
Commercial and Industrial							
Pass							
Pass							
Pass							
OAEM							
Substandard							
Doubtful							
$							
Current period gross charge-offs							
Construction							
Construction							
Construction							
Pass							
Pass							
Pass							
OAEM							
Substandard							
Doubtful							
$							
Current period gross charge-offs							
Commercial – Owner Occupied							
Commercial – Owner Occupied							
Commercial – Owner Occupied							
Pass							
Pass							
Pass							
OAEM							
Substandard							
Doubtful							
$							
Current period gross charge-offs							
Commercial – Non-owner Occupied							
Commercial – Non-owner Occupied							
Commercial – Non-owner Occupied							
Pass							
Pass							
Pass							
OAEM							
Substandard							
Doubtful							
$							
Current period gross charge-offs							
Residential – 1 to 4 Family							
Residential – 1 to 4 Family							

Residential – 1 to 4 Family	
Performing	
Performing	
Performing	
Nonperforming	
	$
Current period gross charge-offs	

Residential – 1 to 4 Family Investment	
Residential – 1 to 4 Family Investment	
Residential – 1 to 4 Family Investment	
Performing	
Performing	
Performing	
Nonperforming	
	$
Current period gross charge-offs	
Residential – Multifamily	
Residential – Multifamily	
Residential – Multifamily	
Pass	
Pass	
Pass	
OAEM	
Substandard	
Doubtful	
	$
Current period gross charge-offs	
Consumer	
Consumer	
Consumer	
Performing	
Performing	
Performing	
Nonperforming	
	$
Current period gross charge-offs	

As of June 30, 2024 September 30, 2024, the Company was in the process of foreclosing on $6.4 million in loans, consisting of 12 21 residential 1 to 4 family loans with a principal balance of $1.9 million, two commercial - owner occupied loans with a principal balance of $1.1 million, and eight commercial - non-owner occupied loans with a principal balance of $3.3 $4.6 million.

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

(Dollars in thousands)	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans at Amortized	
As of December 31, 2023	2023	2022	2021	2020	2019	Prior	Cost Basis	Total
Commercial and Industrial								
Pass	$ 4,724	$ 1,269	$ 87	$ 759	$ 598	$ 7,154	$ 20,148	$ 34,739
OAEM	—	—	—	—	—	—	—	—
Substandard	—	435	—	—	—	—	277	712
Doubtful	—	—	—	—	—	—	—	—
	$ 4,724	$ 1,704	$ 87	$ 759	$ 598	$ 7,154	$ 20,425	$ 35,451

Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Construction								
Pass	$ 323	$ 3,335	$ 4,499	$ 195	$ —	$ —	$ 148,113	$ 156,465
OAEM	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	1,091	—	1,091
Doubtful	—	—	—	—	—	—	—	—
	$ 323	$ 3,335	$ 4,499	$ 195	$ —	$ 1,091	$ 148,113	$ 157,556
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial – Owner Occupied								
Pass	$ 19,842	$ 36,030	$ 21,536	$ 7,104	$ 8,346	$ 45,249	$ 2,518	$ 140,625
OAEM	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	1,117	—	1,117
Doubtful	—	—	—	—	—	—	—	—
	$ 19,842	$ 36,030	$ 21,536	$ 7,104	$ 8,346	$ 46,366	$ 2,518	$ 141,742
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial – Non-owner Occupied								
Pass	$ 19,123	$ 93,805	$ 37,002	$ 33,316	$ 54,484	$ 112,471	$ 1,180	$ 351,381
OAEM	—	—	—	—	—	15,421	—	15,421
Substandard	—	—	—	250	2,586	271	—	3,107
Doubtful	—	—	—	—	—	—	—	—
	$ 19,123	$ 93,805	$ 37,002	$ 33,566	$ 57,070	$ 128,163	$ 1,180	$ 369,909
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Residential – 1 to 4 Family								
Performing	$ 58,358	$ 117,044	$ 61,580	$ 33,037	$ 25,623	$ 148,124	$ 4,705	$ 448,471
Nonperforming	155	—	—	285	771	—	—	1,211
	$ 58,513	$ 117,044	$ 61,580	$ 33,322	$ 26,394	$ 148,124	$ 4,705	$ 449,682
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Residential – 1 to 4 Family Investment								
Performing	$ 87,734	$ 138,884	$ 116,487	$ 50,119	$ 54,576	$ 76,367	$ —	$ 524,167
Nonperforming	—	—	—	—	—	—	—	—
	$ 87,734	$ 138,884	$ 116,487	$ 50,119	$ 54,576	$ 76,367	$ —	$ 524,167
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Residential – Multifamily								
Pass	$ 2,292	$ 23,030	$ 27,006	$ 12,159	$ 9,989	$ 28,848	$ —	$ 103,324
OAEM	—	—	—	—	—	—	—	$ —
Substandard	—	—	—	—	—	—	—	$ —
Doubtful	—	—	—	—	—	—	—	—
	$ 2,292	$ 23,030	$ 27,006	$ 12,159	$ 9,989	$ 28,848	$ —	$ 103,324
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Consumer								
Performing	$ —	$ —	$ —	$ —	$ —	$ 5,493	$ 16	$ 5,509
Nonperforming	—	—	—	—	—	—	—	—
	$ —	$ —	$ —	$ —	$ —	$ 5,493	$ 16	$ 5,509
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

Modifications to Borrowers Experiencing Financial Difficulty

At June 30, 2024 September 30, 2024, the Company did not make any modifications to borrowers experiencing financial difficulty.

NOTE 5. EARNINGS PER SHARE ("EPS")

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

Basic earnings per common share
Basic earnings per common share
Basic earnings per common share
Net income available to the Company
Net income available to the Company
Net income available to the Company
Less: Dividend on series B preferred stock
Less: Dividend on series B preferred stock
Less: Dividend on series B preferred stock
Net income available to common shareholders
Net income available to common shareholders
Net income available to common shareholders
Basic weighted-average common shares outstanding
Basic weighted-average common shares outstanding
Basic weighted-average common shares outstanding
Basic earnings per common share
Basic earnings per common share
Basic earnings per common share
Diluted earnings per common share
Diluted earnings per common share
Diluted earnings per common share
Net income available to common shares
Net income available to common shares
Net income available to common shares
Add: Dividend on series B preferred stock
Add: Dividend on series B preferred stock
Add: Dividend on series B preferred stock
Net income available to diluted common shares
Net income available to diluted common shares
Net income available to diluted common shares
Basic weighted-average common shares outstanding
Basic weighted-average common shares outstanding
Basic weighted-average common shares outstanding
Dilutive potential common shares
Dilutive potential common shares
Dilutive potential common shares
Diluted weighted-average common shares outstanding
Diluted weighted-average common shares outstanding
Diluted weighted-average common shares outstanding
Diluted earnings per common share
Diluted earnings per common share
Diluted earnings per common share

As of June 30, 2024 September 30, 2024 and December 31, 2023, there were 312,630 317,130 and 330,536 weighted average option shares outstanding, respectively, that were not included in the computation of diluted EPS because these shares were anti-dilutive.

NOTE 6. FAIR VALUE

Fair Value Measurements

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

Level 1 Input:

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

Level 2 Inputs:

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

Level 3 Inputs:

1) Prices or valuation techniques that require inputs that are both unobservable (i.e. supported by little or no market activity) and that are significant to the fair value of the assets or liabilities.
2) These assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Fair Value on a Recurring Basis:

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

Investments in Available for Sale Securities:

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

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

Financial Assets	Financial Assets	Level 1	Level 2	Level 3		Total	Financial Assets	Level 1	Level 2	Level 3	Total
		(Dollars in thousands)					(Dollars in thousands)				
Available for Sale Securities	Available for Sale Securities				Available for Sale Securities						
As of June 30, 2024											
As of September 30, 2024											
Residential mortgage-backed securities											
Residential mortgage-backed securities											
Residential mortgage-backed securities											
Total											
Total											
Total											
As of December 31, 2023	As of December 31, 2023				As of December 31, 2023						
Residential mortgage-backed securities											
Residential mortgage-backed securities											
Residential mortgage-backed securities											
Total											

Total
Total

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

<u>Fair Value on a Non-recurring Basis:</u>

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

Financial Assets	Financial Assets	Level 1	Level 2	Level 3		Total	Financial Assets	Level 1	Level 2	Level 3	Total
		(Dollars in thousands)					(Dollars in thousands)				
As of June 30, 2024											
As of September 30, 2024											
Collateral-dependent loans											
OREO											
As of December 31, 2023	As of December 31, 2023						As of December 31, 2023				
Collateral-dependent loans											
OREO											

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

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

<u>Fair Value of Financial Instruments</u>

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

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

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

June 30, 2024	Carrying Amount	Fair Value			
		Total	Level 1	Level 2	Level 3
September 30, 2024	Carrying Amount	Fair Value			
		Total	Level 1	Level 2	Level 3
	(Dollars in thousands)				(Dollars in thousands)
Financial Assets:	Financial Assets:			Financial Assets:	
Investment securities HTM					
Investment securities HTM					
Investment securities HTM					
Loans, net					
Loans, net					
Loans, net					
Financial Liabilities:					
Financial Liabilities:					
Financial Liabilities:					
Time deposits					

Time deposits
Time deposits
Borrowings

December 31, 2023	Carrying Amount		Fair Value						
			Total		Level 1		Level 2		Level 3
			(Dollars in thousands)						
Financial Assets:									
Investment securities HTM	$	9,292	$	7,892	$	—	$	7,892	$ —
Loans, net		1,755,209		1,727,842		—		1,718,866	8,976
Financial Liabilities:									
Time deposits	$	607,070	$	605,216	$	—	$	605,216	$ —
Borrowings		168,111		172,985		—		172,985	—

NOTE 7. COMMITMENTS AND CONTINGENCIES

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

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require the payment of a fee. The Company evaluates each customer's credit-worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary upon extension of credit, is based on management's credit evaluation. Collateral held varies but may include accounts receivable; inventory; property, plant and equipment and income-producing commercial properties. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Commitments to fund fixed-rate loans were immaterial at June 30, 2024 September 30, 2024. Variable-rate commitments are generally issued for less than one year and carry market rates of interest. Such instruments are not likely to be affected by annual rate caps triggered by rising interest rates. As of June 30, 2024 September 30, 2024 and December 31, 2023, unused commitments to extend credit amounted to approximately $114.8 million $121.5 million and $93.8 million, respectively. At June 30, 2024 September 30, 2024 and December 31, 2023, the allowance for credit losses on off-balance sheet credit exposures was $896.0 $864.0 thousand and $499 thousand, respectively. respectively, an increase of $365.0 thousand, mainly due to the increase in the unused commitment balance.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. As of June 30, 2024 September 30, 2024 and December 31, 2023, standby letters of credit with customers were $0.6 million and $1.5 million, respectively.

On June 26, 2024 September 26, 2024, the Bank entered into an agreement with the FHLBNY for a Municipal Letter of Credit ("MLOC") of $60.0 $50.0 million. The MLOC is used to pledge against public deposits and the MLOC expires on September 25, 2024 December 26, 2024. There were no outstanding borrowings on the letters of credit as of June 30, 2024 September 30, 2024.

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

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

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

At June 30, 2024 September 30, 2024 and December 31, 2023, deposit balances from cannabis customers were approximately $142.5 $116.5 million and $96.7 million, or 9.5% 7.5% and 6.2% of total deposits, respectively, with three customers accounting for 66.1% 53.6% and 60.6% of the total at June 30, 2024 September 30, 2024 and December 31, 2023. At June 30, 2024 September 30, 2024 and December 31, 2023, there were cannabis-related loans in the amounts of $29.5 million $38.7 million and $27.1 million, respectively.

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

Forward-Looking Statements

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

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

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

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

Changes in interest rates also can affect our ability to originate loans, our ability to obtain and retain deposits, and the value of interest-earning assets, and the ability to realize gains from the sale of such assets, which could all negatively impact shareholder's equity and regulatory capital.

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

Overview

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

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

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

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

At June 30, 2024 September 30, 2024, we had total assets of $2.03 billion $2.07 billion, and total equity of $292.8 million $296.5 million. Net income available to common shareholders for the three and six nine months ended June 30, 2024 September 30, 2024 was $6.5 million $7.5 million and $12.6 million $20.1 million, respectively.

Results of Operations

Three Months Ended June 30, 2024 September 30, 2024 Compared to Three Months Ended June 30, 2023 September 30, 2023

Net Income: Our net income available to common shareholders for the second third quarter of 2024 decreased increased $1.7 6.5 million, or 20.6% 634.1%, to $6.5 million $7.5 million, compared to $8.1 million $1.0 million for the same period last year. Earnings per share were $0.54 $0.63 per basic common share and $0.53 $0.62 per diluted common share for the second third quarter of 2024, compared to $0.68 $0.09 per basic common share and $0.67 $0.08 per diluted common share for the same period last year. The decrease increase was primarily due to a decrease in non-interest expense and an increase in interest income, partially offset by higher interest expense, and a decrease in non-interest income.

Net Interest Income: Our net interest income was $14.3 million $14.7 million for the second third quarter of 2024 compared to $15.9 million $15.7 million for the second third quarter of 2023, a decrease of $1.6 million $1.0 million, or 9.8% 6.1%. Net interest income decreased during the three months ended June 30, 2024 September 30, 2024, primarily due to an increase in interest expense on deposits and borrowings, partially offset by an increase in interest and fees on loans. Interest income increased $2.9 million $3.0 million, or 10.7% 10.3%, during the three months ended June 30, 2024 September 30, 2024 as compared to the same period in the prior year. The increase in interest income was primarily due to an increase of $3.0 million $2.9 million in interest and fees on loans, due to higher loan balances and market interest rates, partially offset by a $0.1 million decrease in interest on deposits with banks. rates. The increase in interest income was offset by an increase in interest expense during the three months ended June 30, 2024 September 30, 2024 of $4.5 million $4.0 million, or 39.3% 29.5%, primarily due to an increase in market interest rates on deposits and the overall mix of deposits of $4.6 million $3.6 million, and increase in market interest rates.

Provision for credit losses: For the three months ended June 30, 2024 September 30, 2024, the provision for credit losses was $0.5 million a recovery of $0.1 million, compared to a provision of $0.5 $0.3 million for the three months ended June 30, 2023 September 30, 2023. The provision expense recovery for the

three months ended June 30, 2024 September 30, 2024, was primarily driven by an increase adecrease in the construction 1 - 4 family investment property loan portfolio balance qualitative factor rate from the quarter ended March 31, 2024, which carries a higher loss factor than other loan portfolios. June 30, 2024.

Non-interest Income: Our non-interest income was $1.2 million $0.9 million for the three months ended June 30, 2024 September 30, 2024, a decrease of $0.4 million $0.9 million, compared to $1.6 million $1.8 million for the three months ended June 30, 2023 September 30, 2023. The decrease is primarily attributable to a decrease in service fees on deposit accounts of $0.6 million $0.7 million due to a decrease in cannabis deposit fee income, partially offset by an increase and a decrease in other non-interest income of $0.2 million $0.3 million.

Non-interest Expense: Our non-interest expense decreased $0.1 million $9.5 million, or 2.1% 59.8%, to $6.2 million for the three months ended June 30, 2024, from $6.4 million for the three months ended June 30, 2023 September 30, 2024, from $15.8 million for the three months ended September 30, 2023. The decrease in non-interest expense for the three months ended September 30, 2024, was primarily due to a decrease non-recurring $9.5 million loss recorded in other operating expense of $0.3 million, and data processing expense of $0.1 million, partially offset by an increase in compensation and benefits of $0.1 million the three months ended September 30, 2023.

Income Tax: Income tax expense was $2.3 million $1.9 million on income before taxes of $8.8 million $9.4 million for the three months ended June 30, 2024 September 30, 2024, resulting in an effective tax rate of 26.6% 20.1%, compared to income tax expense of $2.5 million $0.3 million on income before taxes of $10.6 million $1.4 million for the same period of 2023, resulting in an effective tax rate of 23.2% 24.8%.

Six Nine Months Ended June 30, 2024 September 30, 2024 Compared to Six Nine Months Ended June 30, 2023 September 30, 2023

Net income: Our net income available to common shareholders for the six nine months ended June 30, 2024 September 30, 2024 decreased $6.7 million $0.2 million, or 34.6% 0.8%, to $12.6 million $20.1 million compared to $19.2 million $20.3 million for the six nine months ended June 30, 2023 September 30, 2023. Earnings per share were $1.05 $1.68 per basic common share and $1.04 $1.66 per diluted common share for the six nine months ended June 30, 2024 September 30, 2024 compared to $1.61 $1.70 per basic common share and $1.59 $1.67 per diluted common share for the same period last year. The decrease in net income available to common shareholders primarily resulted from an increase decrease in net interest expense income of $11.0 million $5.6 million, an increase in provision for credit losses of $2.6 million $2.1 million, and a decrease in non-interest income of $1.1 million $2.1 million, partially offset by an increase decrease in interest income non-interest expense of $6.4 million $9.8 million.

Net interest income: Our net interest income decreased $4.6 million $5.6 million, or 14.1% 11.5%, to $28.4 million $43.1 million for the six nine months ended June 30, 2024 September 30, 2024, compared to $33.0 million $48.7 million for the same period last year. Interest income for the six nine months ended June 30, 2024 September 30, 2024, increased $6.4 million $9.4 million to $59.7 million $91.8 million, or 12.0% 11.4%, from $53.3 million $82.4 million for the same period of 2023. The increase in interest income was primarily due to an increase in interest and fees on loans of $6.5 million $9.4 million, primarily due to an increase in market interest rates and balances outstanding, partially offset by a decrease in interest earned on Federal Reserve Bank ("FRB") deposits of $0.2 million. outstanding. Interest expense increased $11.0 million $15.0 million, or 54.4% 44.5%, for the six nine months ended June 30, 2024 September 30, 2024, compared to the same period in 2023, primarily due to an increase in interest paid on deposits of $10.5 million $14.1 million, or 62.9% 50.2%, primarily due to an increase in market interest rates and a shift in deposit mix. Further contributing to the increase in interest expense was an increase in interest on borrowings of $0.5 million $0.9 million, or 15.1% 16.2%, due to an increase in borrowing levels and higher market interest rates.

Provision for credit losses: The provision for credit losses was $0.7 million $0.5 million for the six nine months ended June 30, 2024 September 30, 2024, compared to a recovery of provision for credit losses of $1.9 million $1.6 million for the six nine months ended June 30, 2023 September 30, 2023. The increase in the provision for credit losses for the six nine months ended June 30, 2024 September 30, 2024 was primarily driven by due to an increase in the outstanding loan balance of $17.8 million $52.6 million from the balance at December 31, 2023, specifically in the construction 1 - 4 family, and multi-family portfolios. loan portfolios. The provision recovery of $1.9 million $1.6 million during the same period in 2023 was primarily related to decreases in loss factors related to the construction, commercial owner occupied, and residential 1 to 4 family investment portfolios. For more information about our provision for credit losses and our allowance for loan and lease losses and loss experience, see "Financial Condition-Allowance for Loan and Lease Losses" below and Note 4 - Loans And Allowance For Credit Losses on Loans to the unaudited consolidated financial statements.

Non-interest income: Our non-interest income was $2.3 million $3.2 million for the six nine months ended June 30, 2024 September 30, 2024, a decrease of $1.1 million $2.0 million, or 33.0% 39.3%, compared to $3.4 million $5.2 million for the same period last year. The decrease is primarily attributable to a decrease in service fees on deposit accounts of $1.4 million, partially offset by an increase in other income of $0.3 million $2.1 million. Fee income for the six nine months ended June 30, 2024 September 30, 2024 decreased primarily from commercial deposit accounts of depositors who do business in the cannabis-related industry totaled $0.5 million $0.8 million, compared to $2.0 million $2.9 million for the same period last year. Fee income is included in service fees on deposit accounts in the accompanying Consolidated Statements of Income.

Non-interest expense: Our non-interest expense decreased $0.4 million $9.8 million to $12.8 million $19.1 million for the six nine months ended June 30, 2024 September 30, 2024, from $13.1 million $29.0 million for the six nine months ended June 30, 2023 September 30, 2023. The decrease in non-interest expense was primarily due to a decrease $9.5 million non-recurring loss recorded in the nine months ended September 30, 2023.

in compensation and benefits of $0.3 million, and a decrease in other operating expense of $0.3 million, partially offset by an increase in OREO expense of $0.2 million.

Income Tax: Income tax expense was $4.6 million $6.5 million on income before taxes of $17.2 million $26.6 million for the six nine months ended June 30, 2024 September 30, 2024, resulting in an effective tax rate of 26.6% 24.3%, compared to income tax expense of $5.9 million $6.2 million on income before taxes of $25.2 million $26.5 million for the same period of 2023, resulting in an effective tax rate of 23.5%.

Net Interest Income

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

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

		For the Three Months Ended June 30,											For the Three Months Ended September 30,		
		2024					2023			2024					
		Average Balance		Interest Income/ Expense		Yield/ Cost		Average Balance		Interest Income/ Expense		Yield/ Cost		Average Balance	
					(Dollars in thousands)								(Dollars in thousands)		
Assets	Assets									Assets					
Loans*	Loans*	$1,781,492	$	$28,732	6.49	6.49 %		$1,770,151	$	$ 25,763	5.84		5.84	% Loans*	$ 1,819
Investment securities**	Investment securities**	23,529	248	248	4.24	4.24 %		28,317	227	227	3.22		3.22	%	Investm securiti
Interest bearing deposits	Interest bearing deposits	92,967	1,209	1,209	5.23	5.23 %		106,170	1,277	1,277	4.82		4.82	%	Interest bearing deposit
Total interest-earning assets	Total interest-earning assets	1,897,988	30,189	30,189	6.40	6.40 %		1,904,638	27,267	27,267	5.74		5.74	%	Total interest earning assets
Other assets	Other assets	65,383					79,378					Other assets	64,532		
Allowance for credit losses	Allowance for credit losses	(31,974)					(31,514)					Allowance for credit losses	(32,524)		
Total assets	**Total assets**	$1,931,397					$1,952,502					**Total assets**	$ 2,004,489		

Liabilities and Shareholders' Equity	**Liabilities and Shareholders' Equity**											**Liabilities and Shareholders' Equity**
Interest bearing deposits:	Interest bearing deposits:											Interest bearing deposits:
Checking	Checking	$ 65,640	$	$ 124	0.76	0.76 %	$ 75,527	$	$ 117	0.62	0.62 %	Checking $ 58
Money markets	Money markets	603,216	7,322	7,322	4.88	4.88 %	339,266	3,310	3,310	3.91	3.91 %	Mone marke
Savings	Savings	69,228	199	199	1.16	1.16 %	139,664	445	445	1.28	1.28 %	Savin
Time deposits	Time deposits	415,179	4,316	4,316	4.18	4.18 %	509,816	3,861	3,861	3.04	3.04 %	Time depos
Brokered certificates of deposit	Brokered certificates of deposit	125,983	1,723	1,723	5.50	5.50 %	111,682	1,346	1,346	4.83	4.83 %	Broke certifi of dep
Total interest-bearing deposits	Total interest-bearing deposits	1,279,246	13,684	13,684	4.30	4.30 %	1,175,955	9,079	9,079	3.10	3.10 %	Total interest bearing deposit
Borrowings	Borrowings	157,132	2,193	2,193	5.61	5.61 %	215,520	2,321	2,321	4.32	4.32 %	Borrowi
Total interest-bearing liabilities	Total interest-bearing liabilities	1,436,378	15,877	15,877	4.45	4.45 %	1,391,475	11,400	11,400	3.29	3.29 %	Total interest bearing liabilitie
Non-interest bearing deposits	Non-interest bearing deposits	184,964					266,531			Non-interest bearing deposits	184,082	
Other liabilities	Other liabilities	17,635					16,516			Other liabilities	18,098	
Total non-interest bearing liabilities	Total non-interest bearing liabilities	202,599					283,047			Total non-interest bearing liabilities	202,180	
Equity	Equity	292,420					277,980			Equity	296,467	
Total liabilities and shareholders' equity	**Total liabilities and shareholders' equity**	$ 1,931,397					$ 1,952,502			**Total liabilities and shareholders' equity**	$ 2,004,489	
Net interest income	Net interest income			$ 14,312					$ 15,867			Net int income
Interest rate spread	Interest rate spread					1.95 %					2.45 %	Interest rate spread
Net interest margin	Net interest margin					3.03 %					3.34 %	Net interest margin

* The average balance of loans includes loans on nonaccrual.
** Includes balances of FHLBNY and ACBB stock.

	For the Six Months Ended June 30,						For the Nine Months Ended September 30,	
	2024		2024		2023			2024
	Average Balance	Average Balance	Interest Income/ Expense	Yield/ Cost	Average Balance	Interest Income/ Expense	Yield/ Cost	Average Balance
	(Dollars in thousands)							
Assets								
Loans*								
Loans*								

Loans*		$1,787,114	$	$56,815	6.39	6.39	%	$1,766,704	$	$50,307	5.74	5.74	% $		1,798,061	$	$ 86,976	6.46
Investment securities**	Investment securities**	23,322	497	497	4.29	4.29 %		26,883	437	437	3.28	3.28	%	Investment securities**	23,551	761		76
Interest bearing deposits	Interest bearing deposits	90,434	2,354	2,354	5.23	5.23 %		111,619	2,547	2,547	4.60	4.60	%	Interest bearing deposits	103,302	4,050		4,05
Total interest-earning assets	Total interest-earning assets	1,900,870	59,666	59,666	6.31	6.31 %		1,905,206	53,291	53,291	5.64	5.64	%	Total interest-earning assets	1,924,914	91,787		91,78
Other assets																		
Allowance for credit losses																		
Allowance for credit losses																		
Allowance for credit losses																		
Total assets																		
Total assets																		
Total assets																		
Liabilities and Shareholders' Equity																		
Liabilities and Shareholders' Equity																		
Liabilities and Shareholders' Equity																		
Interest bearing deposits:																		
Interest bearing deposits:																		
Interest bearing deposits:																		
Checking																		
Checking																		
Checking		$ 68,956	$	$ 390	1.14	1.14	%	$ 79,381	$	$ 247	0.63	0.63	% $		65,335	$	$ 504	1.03
Money markets	Money markets	582,697	14,128	14,128	4.88	4.88 %		337,504	6,068	6,068	3.63	3.63	%	Money markets	585,959	21,412		21,41
Savings	Savings	73,714	419	419	1.14	1.14 %		157,035	907	907	1.16	1.16	%	Savings	69,736	596		59
Time deposits	Time deposits	423,530	8,447	8,447	4.01	4.01 %		504,891	6,792	6,792	2.71	2.71	%	Time deposits	428,670	13,455		13,45
Brokered certificates of deposit	Brokered certificates of deposit	137,729	3,757	3,757	5.49	5.49 %		112,522	2,647	2,647	4.74	4.74	%	Brokered certificates of deposit	151,056	6,156		6,15
Total interest-bearing deposits	Total interest-bearing deposits	1,286,626	27,141	27,141	4.24	4.24 %		1,191,333	16,661	16,661	2.82	2.82	%	Total interest-bearing deposits	1,300,756	42,123		42,12
Borrowings	Borrowings	148,619	4,159	4,159	5.63	5.63 %		179,471	3,615	3,615	4.06	4.06	%	Borrowings	158,193	6,575		6,57
Total interest-bearing liabilities	Total interest-bearing liabilities	1,435,245	31,300	31,300	4.39	4.39 %		1,370,804	20,276	20,276	2.98	2.98	%	Total interest-bearing liabilities	1,458,949	48,698		48,69
Non-interest bearing deposits																		
Other liabilities																		
Other liabilities																		

Other liabilities				
Total non-interest bearing liabilities				
Total non-interest bearing liabilities				
Total non-interest bearing liabilities				
Equity				
Equity				
Equity				
Total liabilities and shareholders' equity				
Total liabilities and shareholders' equity				
Total liabilities and shareholders' equity				
Net interest income				
Net interest income				
Net interest income				
Interest rate spread				
Interest rate spread				
Interest rate spread	1.92 %		2.66 %	
Net interest margin	Net interest margin	3.00 %	3.49 %	Net interest margin

* The average balance of loans includes loans on nonaccrual.

** Includes balances of FHLBNY and ACBB stock.

Financial Condition

General

At June 30, 2024 September 30, 2024, the Company's total assets were $2.03 billion $2.07 billion, an increase of $3.6 million $41.9 million, or 0.2% 2.1%, from December 31, 2023. The increase in total assets was primarily attributable to an increase in loans receivable and an increase in FHLBNY restricted stock, partially offset by a decrease in cash and cash equivalents equivalent, investment securities, and a decrease in other assets. Loans increased $17.8 million $52.6 million, primarily due to increases in the construction, multi-family, and multi-family portfolios, partially offset by a decrease in the CRE non-owner occupied portfolio. Restricted owner portfolios. FHLBNY restricted stock increased $2.3 million $1.0 million due to an increase in FHLBNY advances. Cash and cash equivalents decreased $12.7 million $7.9 million, or 7.0% 4.4%, primarily due to the increase in loans, and the decrease in deposits, partially offset by an the increase in FHLBNY deposits and borrowings. Other assets decreased $3.3 million $3.4 million during the three nine months ended June 30, 2024 September 30, 2024, to $7.2 million at June 30, 2024 September 30, 2024, from $10.5 million at December 31, 2023, primarily driven by a decrease in prepaid taxes.

Total liabilities were $1.73 billion $1.77 billion at June 30, 2024 September 30, 2024. This represented a $4.8 million $29.8 million, or 0.3% 1.7%, decrease, increase, from $1.74 billion at December 31, 2023. The decrease increase in total liabilities was primarily due to a decrease an increase in deposits of $56.4 million $6.1 million, or 3.6% 0.4%, to $1.50 billion $1.56 billion at June 30, 2024 September 30, 2024, from $1.55 billion at December 31, 2023, partially offset by and an increase in borrowings of $50.0 million $20.1 million, or 40.0% 16.0%, to $218.2 million $188.3 million at June 30, 2024 September 30, 2024. The decrease increase in deposits was primarily due to an increase in brokered time deposits of $48.4 million, and time deposits of $21.4 million, partially offset by a decrease in non-interest demand deposits of $33.4 million $33.7 million, and a decrease in savings deposits of $16.4 million, and a decrease in time deposits of $44.7 million, partially offset by an increase in money market deposits of $42.8 million $25.5 million. The increase in borrowings was due to additional FHLBNY advances.

Total equity was $292.8 million $296.5 million and $284.3 million at June 30, 2024 September 30, 2024 and December 31, 2023, respectively, an increase of $8.5 million $12.1 million from December 31, 2023. The increase was primarily due to the retention of earnings, partially offset by the payment of $4.3 million $6.4 million of cash dividends. dividends, and the repurchase of Company common stock of $2.0 million.

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

	June 30, 2024	December 31, 2023		Change		% Change	September 30, 2024	December 31, 2023	
Cash and cash equivalents									

Cash and cash equivalents															
Cash and cash equivalents		$ 167,678	$	$ 180,376	$	$(12,698)	(7.0)		(7.0) %	$ 172,449		$	$	180,376	$
Investment securities	Investment securities	15,509	16,387	16,387	(878)		(878)	(5.4)	(5.4) %	Investment securities	15,269		16,387		
Loans, net of unearned income															
Loans, net of unearned income															
Loans, net of unearned income		1,805,141	1,787,340	1,787,340	17,801		17,801	1.0	1.0 %	1,839,929		1,787,340			1,787,3
Allowance for credit losses	Allowance for credit losses	(32,425)	(32,131)	(32,131)	(294)		(294)	0.9	0.9 %	Allowance for credit losses	(32,318)		(32,131)		
Total assets	Total assets	2,027,138	2,023,500	2,023,500	3,638		3,638	0.2	0.2 %	Total assets	2,065,409		2,023,500		
Total deposits	Total deposits	1,496,441	1,552,827	1,552,827	(56,386)		(56,386)	(3.6)	(3.6) %	Total deposits	1,558,883		1,552,827		
FHLBNY borrowings	FHLBNY borrowings	175,000	125,000	125,000	50,000		50,000	40.0	40.0 %	FHLBNY borrowings	145,000		125,000		
Subordinated debt															
Subordinated debt															
Subordinated debt		43,206	43,111	43,111	95		95	0.2	0.2 %	43,253		43,111			43,1
Total liabilities															
Total liabilities															
Total liabilities		1,734,338	1,739,183	1,739,183	(4,845)		(4,845)	(0.3)	(0.3) %	1,768,949		1,739,183			1,739,1
Total equity	Total equity	292,800	284,317	284,317	8,483		8,483	3.0	3.0 %	Total equity	296,460		284,317		
Total liabilities and equity	Total liabilities and equity	2,027,138	2,023,500	2,023,500	3,638		3,638	0.2	0.2 %	Total liabilities and equity	2,065,409		2,023,500		

Cash and cash equivalents

Cash and cash equivalents decreased $12.7 million $7.9 million to $167.7 million $172.4 million at June 30, 2024 September 30, 2024 from $180.4 million at December 31, 2023, a decrease of 7.0% 4.4%. The decrease was primarily due to an increase in loans, and a decrease in deposits, partially offset by an increase in deposits and borrowings.

Investment securities

Total investment securities decreased to $15.5 million $15.3 million at June 30, 2024 September 30, 2024, from $16.4 million at December 31, 2023, a decrease of $0.9 $1.1 million or 5.4% 6.8%. The decrease was attributed to normal pay downs. For detailed information on the composition and maturity distribution of our investment portfolio, see NOTE 3 - Investment Securities in the notes to the unaudited consolidated financial statements.

Loans

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

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

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

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

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

Loans receivable: Loans receivable increased to $1.81 billion $1.84 billion at June 30, 2024 September 30, 2024, from $1.79 billion at December 31, 2023, an increase of $17.8 million $52.6 million, or 1.0% 2.9%. The increase was primarily due to increases in the construction, CRE-owner occupied, and Residential - Multifamily loan portfolios, partially offset by a decrease in the Commercial - Non-Owner Occupied loan portfolio. portfolios. Loans receivable as of June 30, 2024 September 30, 2024 and December 31, 2023, consisted of the following:

		Amount	Percentage of Loans to total Loans		Amount	Percentage of Loans to total Loans		$ Change	% Change			Amount	Percent of Loan tota Loan
Commercial and Industrial													
Commercial and Industrial													
Commercial and Industrial		$ 35,954	2.0	2.0 %	$ 35,451	2.0	2.0 %	$ 503	1.4	1.4 %		$ 34,812	1.9
Construction	Construction	179,662	10.0	10.0 %	157,556	8.8	8.8 %	22,106	14.0	14.0 %	Construction	176,534	
Real Estate Mortgage:													
Commercial – Owner Occupied													
Commercial – Owner Occupied													
Commercial – Owner Occupied		138,002	7.6	7.6 %	141,742	7.9	7.9 %	(3,740)	(2.6)	(2.6) %		150,209	8.2
Commercial – Non-owner Occupied	Commercial – Non-owner Occupied	351,325	19.5	19.5 %	369,909	20.7	20.7 %	(18,584)	(5.0)	(5.0) %	Commercial – Non-owner Occupied	365,563	1
Residential – 1 to 4 Family	Residential – 1 to 4 Family	443,968	24.6	24.6 %	449,682	25.2	25.2 %	(5,714)	(1.3)	(1.3) %	Residential – 1 to 4 Family	452,723	2
Residential – 1 to 4 Family Investment	Residential – 1 to 4 Family Investment	523,809	29.0	29.0 %	524,167	29.3	29.3 %	(358)	(0.1)	(0.1) %	Residential – 1 to 4 Family Investment	517,777	2
Residential – Multifamily	Residential – Multifamily	127,298	7.1	7.1 %	103,324	5.8	5.8 %	23,974	23.2	23.2 %	Residential – Multifamily	137,282	
Consumer	Consumer	5,123	0.3	0.3 %	5,509	0.3	0.3 %	(386)	(7.0)	(7.0) %	Consumer	5,029	
Total Loans	Total Loans	$1,805,141	100.0	100.0 %	$1,787,340	100.0	100.0 %	$ 17,801	1.0	1.0 %	Total Loans	$1,839,929	10

Deposits

At June 30, 2024 September 30, 2024, total deposits decreased increased to $1.50 billion $1.56 billion from $1.55 billion at December 31, 2023, a decrease an increase of $56.4 million $6.1 million, or 3.6% 0.4%. The decrease increase in deposits was primarily due to an increase in brokered time deposits of $48.4 million and an increase in time deposits of $21.4 million, partially offset by a decrease in noninterest-bearing non-interest demand deposits and savings deposits of $33.7 million and $25.5 million, respectively. The increase in our brokered time deposits was primarily due to our increased usage of brokered funds. The increase in our time deposit balances, balance is primarily due to an increase in twelve month certificates of deposit of $157.8 million and an increase of $60.0 million in six month certificates of deposit, partially offset by an increase a decrease of $120.3 million and $52.9 million in money market deposits balances. fifteen month and twenty one month certificates of deposit, respectively.The decrease in the noninterest-bearing deposit balance was primarily driven by due to a $25.0 million $29.6 million decrease in our cannabis checking account, as well as a $9.6 million decrease in our business checking accounts. account. The decrease in the savings deposits was primarily due to a $12.3 million $11.2 million decrease in our preferred savings accounts. The accounts, as well as a $6.8 million and $4.0 million decrease in our time deposits was primarily due to $34.8 million decrease in our 13 platinum plus and 21 months CD promotional statement savings accounts, and an $8.0 million decrease in brokered time deposits. The increase in our money market deposits was primarily due to a $138.4 million increase in our premier money market accounts, $60.0 million of which was cannabis deposits, partially offset by a $75.1 million decrease in brokered money market accounts. respectively.

June 30,
September 30,
2024

		2024 2024		2023		$ Change		% Change				2023	
Noninterest-bearing													
Noninterest-bearing													
Noninterest-bearing		$ 198,761	$	$ 232,189	$	$ (33,428)	(14.4)	(14.4)%		$ 198,499	$	$	232,189
Interest-bearing													
Checking													
Checking													
Checking		61,534	63,017	63,017	(1,483)	(1,483)	(2.4)	(2.4)	%	58,397		63,017	6:
Savings	Savings	67,089	83,470	83,470	(16,381)	(16,381)	(19.6)	(19.6)	%	Savings	57,980	83,470	
Money market	Money market	609,841	567,080	567,080	42,761	42,761	7.5	7.5	%	Money market	567,098	567,080	
Time deposits	Time deposits	559,216	607,071	607,071	(47,855)	(47,855)	(7.9)	(7.9)	%	Time deposits	676,909	607,071	
Total deposits													
Total deposits													
Total deposits		$1,496,441	$	$1,552,827	$	$ (56,386)	(3.6)	(3.6)%		$ 1,558,883	$	$	1,552,827
Estimated uninsured deposits	Estimated uninsured deposits	$ 500,988	$	$ 622,966	$	$(121,978)	(19.6)	(19.6)%		Estimated uninsured deposits	$584,403	$	$622,
Total deposits	brokered	$ 198,707		$ 223,429		$ (24,722)		(11.1) %					

Borrowings

Total borrowings were $218.2 million $188.3 million at June 30, 2024 September 30, 2024 and $168.1 million at December 31, 2023. The increase in borrowings is due to an increase of $50.0 million $20.0 million in FHLBNY advances. At June 30, 2024 September 30, 2024, $155.0 million $125.0 million of the outstanding FHLBNY advances have short-term maturities.

Equity

Total equity increased to $292.8 million $296.5 million at June 30, 2024 September 30, 2024 from $284.3 million at December 31, 2023, an increase of $8.5 million $12.1 million, or 3.0% 4.3%, primarily due to the retention of earnings from the period, partially offset by the payment of $4.3 million in $6.4 million of cash dividends.

dividends, and the repurchase of Company common stock of $2.0 million.

Liquidity and Capital Resources

Liquidity is a measure of our ability to generate cash to support asset growth, meet deposit withdrawals, satisfy other contractual obligations, and otherwise operate on an ongoing basis. At June 30, 2024 September 30, 2024, our cash position was $167.7 million $172.4 million. We invest cash that is in excess of our immediate operating needs primarily in our interest-bearing account at the Federal Reserve.

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

We also use brokered deposits as a funding source. The Bank joined the IntraFi Financial Network to secure an additional alternative funding source. IntraFi provides the Bank an additional source of external funds through their weekly CDARS® settlement process, as well as their ICS® money market product. As of June 30, 2024 September 30, 2024, the Company had $72.2 million $13.2 million of brokered deposits sourced from IntraFi. Additionally, we have access to other brokered deposit funding sources that we utilize as a source of additional liquidity. During the 2nd quarter of 2024, In addition to IntraFi, we entered into relationships with utilize Wells Fargo and Piper Sandler to obtain brokered deposits, and as of June 30, 2024 September 30, 2024, the Company had $90.3 million $183.7 million sourced from these broker relationships. While deposit accounts comprise the vast majority of our funding needs, we maintain secured borrowing lines with the FHLBNY. FHLBNY and the Federal Reserve Bank ("FRB"). As of June 30, 2024 September 30, 2024, the Company had lines of credit with the FHLBNY of $1.04 billion $930.5 million, of which $175.0 million $145.0 million was outstanding, and an additional $60.0 million $50.0 million from a letter of credit for securing public funds. The remaining borrowing capacity was $804.5 million $735.5 million at June 30, 2024 September 30, 2024. As of September 30, 2024, the Company had a borrowing capacity through the FRB discount window of $76.3 million. There were no balances outstanding with the FRB as of September 30, 2024.

We had outstanding loan commitments of $114.8 million $121.5 million at June 30, 2024 September 30, 2024. Our loan commitments are normally originated with the full amount of collateral. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The funding requirements for such commitments occur on a measured basis over time and would be funded by normal deposit growth.

The following is a discussion of our cash flows for the six nine months ended June 30, 2024 September 30, 2024 and 2023.

Cash provided by operating activities was $17.2 million $26.6 million in the six nine months ended June 30, 2024 September 30, 2024, compared to $14.7 million $14.0 million for the same period in the prior year. The increase in operating cash flow was primarily due to the decrease in accrued interest receivable and other assets, the increase in accrued interest payable, and the increase in provision for credit losses, partially offset by the decrease in net income. partially.

Cash used in investing activities was $19.3 million $52.3 million in the six nine months ended June 30, 2024 September 30, 2024, compared to cash used in investing activities of $38.5 million $48.0 million in the same period last year. The decrease increase in cash used in the investing activities during the six nine months ended June 30, 2024 September 30, 2024, was primarily due to the decrease increase in cash outflow from the origination of loans, and the redemption of restricted stock, during the period. loans.

Cash used in provided by financing activities was $10.6 million $17.7 million in the six nine months ended June 30, 2024 September 30, 2024, compared to cash used in financing activities of $20.9 million $21.4 million in the same period last year. The decrease increase in cash used in provided by financing activities during the six nine months ended June 30, 2024 September 30, 2024, was primarily due to lower decrease in noninterest-bearing deposits, and interest-bearing deposits, and the increase in FHLBNY short-term borrowings, partially offset by lower increase in interest-bearing deposits, the decrease in FHLBNY long-term borrowings, and the decrease in Federal Reserve short-term borrowings.

Capital Adequacy

We utilize a comprehensive process for assessing the Company's overall capital adequacy. We actively review our capital strategies in light of current and anticipated business risks, future growth opportunities, industry standards, and compliance with regulatory requirements. The assessment of overall capital adequacy depends on a variety of factors, including asset quality, liquidity, earnings stability, competitive forces, economic conditions, and strength of management. Our objective is to maintain capital at an amount commensurate with our risk profile and risk tolerance objectives, and to meet both regulatory and market expectations. We primarily manage our capital through the retention of earnings. We also use other means to manage our capital. Total equity increased $8.5 million $12.1 million at June 30, 2024 September 30, 2024, from December 31, 2023, primarily from the Company's net income of $12.6 million $20.1 million for the period, net of common and preferred stock dividends of $4.3 million $6.5 million and treasury stock repurchases of $2.0 million.

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

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

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

		Amount	Amount	Ratio	Amount		Ratio		Amount		Ratio	Amount		Ratio
				(Dollars in thousands except ratios)										
		Company		Company			Parke Bank		Company			Parke Bank		
Tier 1 leverage	Tier 1 leverage	$ 306,283	15.86	15.86 %	$ 334,969	17.35	17.35 %	Tier 1 leverage	$ 309,806	15.46	15.46 %	$ 338,926	16.91	16.91 %

Critical Accounting Policies

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

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

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

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable

ITEM 4. CONTROLS AND PROCEDURES

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

There were no changes in the Company's internal control over financial reporting that occurred during the Company's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Absecon Gardens Condominium Association v. Parke Bank Matter

Absecon Gardens Condominium Association v. Parke Bank, One Mechanic Street, et al, Superior Court of New Jersey, Law Division, Atlantic County, Docket No. ATL-L-2321-21. The Company is the successor to the interests of the developer of the Absecon Gardens Condominium project in Absecon NJ. Some of the unit owners have suggested that the Company is responsible for contributions and/or repair for alleged damages purportedly relating to construction. The owners filed a Complaint, alleging that the damages total approximately $1.7 million. The matter is in the early stages of discovery so it is difficult to determine whether that amount accurately reflects the claimed damages, or whether the Company is in any way culpable for the damages. At this time it is too early to predict whether an unfavorable outcome will result. The Company is vigorously defending this matter.In the normal course of business, there are outstanding various contingent liabilities such as claims and legal action, which are not reflected in the financial statements. In the opinion of management, no material losses are anticipated as a result of these actions or claims.

Mori Restaurant LLC v. Parke Bank Matter

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

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

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

ITEM 1A. RISK FACTORS

Not applicable.

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

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

(b) Use of Proceeds. Not Applicable.

(c) Issuer Purchases of Equity Securities. There were no Set forth below is information regarding the Company's stock repurchases during the quarter ended September 30, 2024.

	Issuer Purchases of Equity Securities

	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan*	Maximum Number of Shares that May Yet Be Purchased Under the Plan
July 1 - 31, 2024	—	$ —	—	598,485
August 1 - 31, 2024	50,001	19.41	50,001	548,484
September 1 - 30, 2024	49,999	20.79	49,999	498,485
Total	**100,000**	**$ 20.10**	**100,000**	

*On August 2, 2024, the Company announced a share repurchase program for up to approximately 5% of our the Company's outstanding shares of common stock during in the three months ended June 30, 2024. open market, in accordance with all applicable securities laws and regulations, including Rule 10b-18 of the Securities Exchange Act of 1934, as amended.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

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

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

SIGNATURES

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

PARKE BANCORP, INC.

Date: August 7, November 6, 2024	/s/ Vito S. Pantilione Vito S. Pantilione President and Chief Executive Officer (Principal Executive Officer)
Date: August 7, November 6, 2024	/s/ Jonathan D. Hill Jonathan D. Hill Senior Vice President and Chief Financial Officer (Principal Accounting Officer)

Exhibit 31.1

CERTIFICATION

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

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

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

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

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

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

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

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

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

Date: August 7, November 6, 2024

/s/ Vito S. Pantilione

Vito S. Pantilione
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

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

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

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

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

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

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

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

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

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

Date: August 7, November 6, 2024

/s/ Jonathan D. Hill

Jonathan D. Hill
Senior Vice President and Chief Financial Officer

Exhibit 32

CERTIFICATION

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 September 30, 2024 (the "Report") of Parke Bancorp, Inc. (the "Company") as filed with the Securities and Exchange Commission, we, Vito S. Pantilione, President and Chief Executive Officer, and Jonathan D. Hill, Senior Vice President and Chief Financial Officer, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ Vito S. Pantilione	/s/ Jonathan D. Hill
Vito S. Pantilione	Jonathan D. Hill
President and Chief Executive Officer	Senior Vice President and Chief Financial Officer
(Principal Executive Officer)	(Principal Financial Officer)

August 7, November 6, 2024

DISCLAIMER

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