

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

ANNUAL REPORT
PURSUANT TO SECTIONS 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

(Mark One)

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

For the fiscal year ended: December 31, 2024 or

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

For the transition period from _____ to _____

Commission File No. 000-51338

PARKE BANCORP, INC.

(Exact name of Registrant as specified in its Charter)

New Jersey

(State or other Jurisdiction of
Incorporation or Organization)

65-1241959

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

601 Delsea Drive, Washington Township, New Jersey

(Address of Principal Executive Offices)

08080

(Zip Code)

Registrant's telephone number, including area code: **856-256-2500**

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

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, \$0.10 par value	PKBK	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 (§229.405 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 ☐ Smaller reporting company ☒ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for compliance 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

The aggregate market value of the voting stock held by non-affiliates of the Registrant, based on the closing price of the Registrant's common stock as quoted on the Nasdaq Capital Market on June 30, 2024 was approximately \$171.2 million.

As of March 11, 2025 there were 11,842,596 outstanding shares of the Registrant's common stock.

DOCUMENTS INCORPORATED BY REFERENCE

1. Portions of the Proxy Statement for the 2025 Annual Meeting of Shareholders. (Part III)

FORM 10-K
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024

INDEX

	Page
<u>PART I</u>	
Item 1. Business	1
Item 1A. Risk Factors	16
Item 1B. Unresolved Staff Comments	16
Item 1C. Cybersecurity	16
Item 2. Properties	17
Item 3. Legal Proceedings	18
Item 4. Mine Safety Disclosures	18
<u>PART II</u>	
Item 5. Market for Common Equity, Related stockholder Matters and Issuer Purchases of Equity Securities	18
Item 6. [Reserved]	19
Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations	19
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	29
Item 8. Financial Statements and Supplementary Data	29
Item 9. Changes and Disagreements with Accountants on Accounting and Financial Disclosure	73
Item 9A. Controls and Procedures	73
Item 9B. Other Information	75
Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	73
<u>PART III</u>	
Item 10. Directors, Executive Officers and Corporate Governance	75
Item 11. Executive Compensation	75
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	75
Item 13. Certain Relationships and Related Transactions, and Director Independence	76
Item 14. Principal Accountant Fees and Services	76
<u>PART IV</u>	
Item 15. Exhibits and Financial Statement Schedules	76
Item 16. Form 10-K Summary	78
Signatures	78

Forward-Looking Statements

Parke Bancorp, Inc. (the “Company”) may from time to time make written or oral “forward-looking statements,” including statements contained in the Company’s filings with the Securities and Exchange Commission (including this Annual Report on Form 10-K and the exhibits hereto), in its reports to shareholders and in other communications by the Company, which are made in good faith by the Company pursuant to the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995.

As used in this Annual Report on Form 10-K, the terms "Parke Bancorp", "the Company", "registrant", "we", "us", and "our" mean Parke Bancorp, Inc. and its subsidiaries, on a consolidated basis, unless the context indicates otherwise.

This Annual Report on Form 10-K contains forward-looking statements, which can be identified by the use of words such as “estimate,” “project,” “believe,” “intend,” “anticipate,” “plan,” “seek,” “expect” and words of similar meaning. These forward-looking statements include, but are not limited to:

- statements of our goals, intentions and expectations;
- statements regarding our business plans, prospects, growth and operating strategies;
- statements regarding the quality of our loan and investment portfolios; and
- estimates of our risks and future costs and benefits.

These forward-looking statements are based on current beliefs and expectations of our management and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change. We are under no duty to and do not take any obligation to update any forward-looking statements after the date of the Annual Report on Form 10-K.

The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements:

- general economic conditions, either nationally or in our market areas, that are worse than expected;
 - changes in the level and direction of loan delinquencies and write-offs and changes in estimates of the adequacy of the allowance for credit losses;
 - our ability to access cost-effective funding;
 - fluctuations in real estate values and both residential and commercial real estate market conditions;
 - demand for loans and deposits in our market area;
 - our ability to implement changes in our business strategies;
 - competition among depository and other financial institutions;
 - inflation and changes in the interest rate environment that reduce our margins and yields, or reduce the fair value of financial instruments or reduce the origination levels in our lending business, or increase the level of defaults, losses and prepayments on loans we have made and make whether held in portfolio or sold in the secondary markets
 - adverse changes in the securities markets;
 - changes in laws or government regulations or policies affecting financial institutions, including changes in regulatory fees and capital requirements;
 - changes in laws or government regulations or policies affecting financial institutions engaged in the cannabis related business;
 - our ability to manage market risk, credit risk and operational risk in the current economic conditions;
 - our ability to enter new markets successfully and capitalize on growth opportunities;
 - our ability to successfully integrate any assets, liabilities, customers, systems and management personnel we have acquired or may acquire into our operations and our ability to realize related revenue synergies and cost savings within expected time frames and any goodwill charges related thereto;
 - changes in consumer demand, borrowing and savings habits;
 - changes in accounting policies and practices, as may be adopted by bank regulatory agencies, the Financial Accounting Standards Board, the Securities and Exchange Commission or the Public Company Accounting Oversight Board;
 - our ability to retain key employees;
 - technological changes;
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- significant increases in our loan losses;
- cyber-attacks, computer viruses and other technological risks that may breach the security of our websites or other systems to obtain unauthorized access to confidential information and destroy data or disable our systems;
- technological changes that may be more difficult or expensive than expected;
- the ability of third-party providers to perform their obligations to us;
- the ability of the U.S. Government to manage federal debt limits;
- changes in the financial condition, results of operations or future prospects of issuers of securities that we own; and
- other economic, competitive, governmental, regulatory and operational factors affecting our operations, pricing products and services described elsewhere in this Annual Report on Form 10-K.

Because of these and other uncertainties, our actual future results may be materially different from the results indicated by these forward-looking statements. The Company cautions that the listed factors are not exclusive. The Company does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by or on behalf of the Company.

Part I

Item 1. Business.

General

We are a bank holding company incorporated under the laws of the State of New Jersey in January 2005. Our business and operations primarily consist of our ownership of Parke Bank (the "Bank"). The Bank is a full service commercial bank and is chartered by the New Jersey Department of Banking and insured by the Federal Deposit Insurance Corporation ("FDIC"). The Bank conducts its business through offices in Gloucester, Atlantic and Camden Counties in New Jersey and the Philadelphia area in Pennsylvania.

We, through our wholly owned subsidiary Parke Bank, provide personal and business financial services to individuals and small to mid-sized businesses. We offer a range of loan products, deposits services, and other financial products through our retail branches and other channels to our customers. Our core lending businesses are commercial real estate lending, residential real estate lending, and construction lending. We also offer a variety of commercial and industry loan and consumer loan products to our customers. We fund our lending business primarily with deposits generated through retail deposits and commercial relationships. Our deposit products include checking, savings, money market deposit, time deposits, and other traditional deposit services. In addition to traditional products and services, we offer contemporary products and services, such as debit cards, internet banking and online bill payment.

We commenced operations on June 1, 2005, upon completion of the reorganization of the Bank into the holding company form of ownership following approval of the reorganization by shareholders of the Bank at its 2005 Annual Meeting of Shareholders. Our headquarters is located at 601 Delsea Drive, Washington Township, New Jersey. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports, are available free of charge at www.parkebank.com as soon as reasonably practicable after they are electronically filed with or furnished to the Securities and Exchange Commission ("SEC"). Investors are encouraged to access these reports and other information about our business on our website.

At December 31, 2024, we had total assets of \$2.14 billion, including loans of \$1.87 billion, total deposits of \$1.63 billion and total equity of \$300.1 million.

Market Area

Substantially all of the Bank's business is with customers in its market areas of Southern New Jersey, the Philadelphia area of Pennsylvania, and New York, New York. We have carefully expanded our lending footprint in other areas, including

adding lending capabilities in South Carolina. Most of the Bank's customers are individuals and small to medium-sized businesses which are dependent upon the regional economy. Adverse changes in economic and business conditions in the Bank's markets could adversely affect the Bank's borrowers, their ability to repay their loans and to borrow additional funds, and consequently the Bank's financial condition and performance.

Additionally, most of the Bank's loans are secured by real estate located in Southern New Jersey and the Philadelphia area. A decline in local economic conditions could adversely affect the values of such real estate. Consequently, a decline in local economic conditions may have a greater effect on the Bank's earnings and capital than on the earnings and capital of larger financial institutions whose real estate loan portfolios are more geographically diverse.

Competition

The Bank faces significant competition, both in making loans and attracting deposits. The Bank's competition in both areas comes principally from other commercial banks, thrift and savings institutions, including savings and loan associations and credit unions, and other types of financial institutions, including brokerage firms and credit card companies. The Bank faces additional competition for deposits from short-term money market mutual funds and other corporate and government securities funds.

Most of the Bank's competitors, whether traditional or nontraditional financial institutions, have a longer history and significantly greater financial and marketing resources than does the Bank. Among the advantages these institutions have over the Bank are their ability to finance wide-ranging and effective advertising campaigns, to access international money markets and to allocate their investment resources to regions of highest yield and demand. Major banks operating in the primary market area offer certain services, such as international banking and trust services, which are not offered directly by the Bank.

In commercial transactions, the Bank's legal lending limit to a single borrower enables the Bank to compete effectively for the business of individuals and smaller enterprises. However, the Bank's legal lending limit is considerably lower than that of various competing institutions, which have substantially greater capitalization. The Bank has a relatively smaller capital base than most other competing institutions which, although above regulatory minimums, may constrain the Bank's effectiveness in competing for loans.

Cannabis Related Business

In the State of New Jersey, cannabis is legal for recreational use. Once enacted, the law legalized and regulated cannabis use and possession for adults 21 years and older. The law also clarified marijuana and cannabis use and possession penalties for individuals younger than 21 years old. Retail sales of cannabis began in New Jersey in April 2022. We provide banking services to customers that are licensed by various States to do business in the cannabis industry as growers, processors and dispensaries and who participate in retail sales of cannabis in New Jersey. Cannabis businesses are legal under the laws of these States, as well as in New Jersey, although it is not legal under federal law. 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 December 31, 2024 and 2023, deposit balances from cannabis customers were approximately \$151.9 million and \$96.7 million, or 9.3% and 6.2% of total deposits, respectively, with two customers accounting for 59.4% and 60.6% of the total at December 31, 2024 and 2023. At December 31, 2024 and 2023, the Bank had cannabis-related loans in the amounts of \$43.4 million and \$27.1 million, respectively.

Lending Activities

Our lending relationships are primarily with small to mid-sized businesses and individual consumers residing primarily in and around southern New Jersey, southeastern Pennsylvania, and the Brooklyn and Bronx sections of New York, New York. We focus our lending efforts primarily in four lending areas: residential mortgage loans, commercial mortgage loans, commercial and industrial loans, and construction loans.

Loan Maturity. The following table sets forth the contractual maturity of certain loan categories and the dollar amount of loans in certain loan categories due after December 31, 2024, which have predetermined interest rates and which have floating or adjustable interest rates at December 31, 2024.

	Due within one year or less	Due after one through five years	Due after five through fifteen years	Due after fifteen years	Total
(Dollars in thousands)					
Commercial and Industrial	\$ 20,040	\$ 10,790	\$ 4,551	\$ —	\$ 35,381
Construction	137,534	11,497	315	—	149,346
Commercial Real Estate Mortgage:					
Commercial - Owner Occupied	5,812	84,613	68,273	1,743	160,441
Commercial - Non-Owner Occupied	41,084	243,195	87,019	—	371,298
Residential - 1 to 4 family	3,725	93,731	33,283	317,141	447,880
Residential - 1 to 4 family investment	—	—	8,615	515,552	524,167
Residential - multifamily	1,842	76,860	96,054	—	174,756
Consumer	20	396	3,833	635	4,884
Total	\$ 210,057	\$ 521,082	\$ 301,943	\$ 835,071	\$ 1,868,153

The following table presents the distribution of those loans that mature in more than one year between predetermined rates and floating or adjustable rates as of December 31, 2024.

	Predetermined Rates	Floating or Adjustable Rates	Total
(Dollars in thousand)			
Commercial and Industrial	\$ 311	\$ 15,030	\$ 15,341
Construction	—	11,813	11,813
Commercial Real Estate Mortgage:			
Commercial - Owner Occupied	15,991	138,638	154,629
Commercial - Non-Owner Occupied	18,178	312,036	330,214
Residential - 1 to 4 family	34,288	409,884	444,172
Residential - 1 to 4 family investment	12,302	511,847	524,149
Residential - multifamily	4,176	168,738	172,914
Consumer	4,855	9	4,864
Total	\$ 90,101	\$ 1,567,995	\$ 1,658,096

Commercial and Industrial Loans. The Bank originates secured loans for business purposes. Loans are made to provide working capital to businesses in the form of lines of credit, which may be secured by accounts receivable, inventory, equipment or other assets. The financial condition and cash flow of commercial borrowers are closely monitored by means of corporate financial statements, personal financial statements and income tax returns. The frequency of submissions of required financial information depends on the size and complexity of the credit and the collateral that secures the loan. The Bank's general policy is to obtain personal guarantees from the principals of the commercial loan borrowers. Such loans are made to businesses located in the Bank's market area.

Commercial business loans generally involve a greater degree of risk than residential mortgage loans and carry larger loan balances. This increased credit risk is a result of several factors, including the concentration of principal in a limited

number of loans and borrowers, the mobility of collateral, the effects of general economic conditions and the increased difficulty of evaluating and monitoring these types of loans. Unlike residential mortgage loans, which generally are made on the basis of the borrower's ability to make repayment from his or her employment and other income and which are secured by real property the value of which tends to be more easily ascertainable, commercial business loans typically are made on the basis of the borrower's ability to make repayment from the cash flow of the borrower's business. As a result, the availability of funds for the repayment of commercial business loans may be substantially dependent on the success of the business itself and the general economic environment. If the cash flow from business operations is reduced, the borrower's ability to repay the loan may be impaired.

Construction Loans. The Bank originates construction loans to individuals and real estate developers in its market area. The advantages of construction lending are that the market is typically less competitive than more standard mortgage products, the interest rate typically charged is a variable rate, which permits the Bank to protect against sudden changes in its costs of funds, and the fees or "points" charged by the Bank to its customers can be amortized over the shorter term of a construction loan, typically, one to two years, which permits the Bank to recognize income received over a shorter period of time.

The Bank provides interim real estate acquisition development and construction loans to builders and developers. Construction loans to provide interim financing on the property are based on acceptable percentages of the appraised value of the property securing the loan in each case. Construction loan funds are disbursed periodically at pre-specified stages of completion. Interest rates on these loans are generally adjustable. The Bank carefully monitors these loans with on-site inspections and control of disbursements. These loans are generally made on properties located in the Bank's market area.

Construction loans are secured by the properties under development and personal guarantees are typically obtained. Further, to assure that reliance is not placed solely on the value of the underlying property, the Bank considers the financial condition and reputation of the borrower and any guarantors, the amount of the borrower's equity in the project, independent appraisals, costs estimates and pre-construction sale information.

Loans to residential builders are for the construction of residential homes for which a binding sales contract exists and the prospective buyers have been pre-qualified for permanent mortgage financing. Loans to residential developers are made only to developers with a proven sales record. Generally, these loans are extended only when the borrower provides evidence that the lots under development will be sold to potential buyers satisfactory to the Bank.

The Bank also originates loans to individuals for construction of single family dwellings. These loans are for the construction of the individual's primary residence. They are typically secured by the property under construction, occasionally include additional collateral (such as a second mortgage on the borrower's present home), and commonly have maturities of six to twelve months.

Construction financing is labor intensive for the Bank, requiring employees of the Bank to expend substantial time and resources in monitoring and servicing each construction loan to completion. Construction financing is generally considered to involve a higher degree of risk of loss than long-term financing on improved, occupied real estate. Risk of loss on a construction loan is dependent largely upon the accuracy of the initial estimate of the property's value at completion of construction and development, the accuracy of projections, such as the sales of homes or the future leasing of commercial space, and the accuracy of the estimated cost (including interest) of construction. Substantial deviations can occur in such projections. During the construction phase, a number of factors could result in delays and cost overruns. If the estimate of construction costs proves to be inaccurate, the Bank may be required to advance funds beyond the amount originally committed to permit completion of the development. If the estimate of value proves to be inaccurate, the Bank may be confronted, at or prior to the maturity of the loan, with a project having a value which is insufficient to assure full repayment. Also, a construction loan that is in default can cause problems for the Bank such as selecting replacement builders for a project, considering alternate uses for the project and site and handling any structural and environmental issues that might arise.

Commercial Real Estate Mortgage Loans. The Bank originates mortgage loans secured by commercial real estate. Such loans are primarily secured by office buildings, retail buildings, warehouses and general purpose business space. Although terms may vary, the Bank's commercial mortgages generally have maturities of twenty years, but re-price within five years.

Loans secured by commercial real estate are generally larger and involve a greater degree of risk than one-to four-family residential mortgage loans. Of primary concern in commercial and multi-family real estate lending is the borrower's creditworthiness and the feasibility and cash flow potential of the project. Payments on loans secured by income properties are often dependent on the successful operation or management of the properties. As a result, repayment of such loans may be subject to a greater extent than residential real estate loans to adverse conditions in the real estate market or the economy.

The Bank seeks to reduce the risks associated with commercial mortgage lending by generally lending in its primary market area and obtaining periodic financial statements and tax returns from borrowers. It is also the Bank's general policy to obtain personal guarantees from the principals of the borrowers and assignments of all leases related to the collateral.

Our commercial real estate mortgage portfolio was \$531.7 million at December 31, 2024. Within the portfolio, we designate certain sectors of loans as high risk to monitor more closely, given the current economic conditions. At December 31, 2024, the high risk sectors consisted of office, hotel, retail, and restaurant loans. All of these sectors combined represent 11.5% of total loan receivable, with no individual sector higher than 3.9%.

Residential Real Estate Mortgage Loans. The Bank originates adjustable and fixed-rate residential mortgage loans. Such mortgage loans are generally originated under terms, conditions and documentation acceptable to the secondary mortgage market. Although the Bank has placed all of these loans into its portfolio, a substantial majority of such loans can be sold in the secondary market or pledged for potential borrowings.

Consumer Loans. The Bank offers a variety of consumer loans. These loans are typically secured by residential real estate or personal property, including automobiles. Home equity loans (closed-end and lines of credit) are typically made up to 80% of the appraised or assessed value of the property securing the loan in each case, less the amount of any existing prior liens on the property, and generally have maximum terms of ten years. The interest rates on second mortgages are generally fixed, while interest rates on home equity lines of credit are variable.

Loans to One Borrower and Concentration of Loans. Federal regulations limit loans to one borrower in an amount equal to 15% of unimpaired capital and unimpaired surplus. At December 31, 2024, the Bank's loan to one borrower limit was approximately \$56.2 million and the Bank had no borrowers with loan balances in excess of this amount. At December 31, 2024, the Bank's largest loan to one borrower was a commercial owner occupied real estate loan with a balance of \$21.0 million that was secured by the property. At December 31, 2024, this loan was current and performing in accordance with the terms of the loan agreement.

The size of loans which the Bank can offer to potential borrowers is less than the size of loans which many of the Bank's competitors with larger capitalization are able to offer. The Bank may engage in loan participations with other banks for loans in excess of the Bank's legal lending limits. However, no assurance can be given that such participations will be available at all or on terms which are favorable to the Bank and its customers.

The Bank establishes policies and methods to determine concentrations of credit risk and to maintain discipline in lending practices with a focus on portfolio diversification. The Bank places limits on loans to one borrower; one industry; as well as product concentrations. At December 31, 2024, the Bank's loan portfolio consists of residential, commercial real estate loans, construction loans, commercial and industry loans as well as consumer loans.

Non-Performing and Problem Assets

Non-Performing Assets. Non-accrual loans are loans on which the accrual of interest has ceased. Loans are generally placed on non-accrual status if, in the opinion of management, collection is doubtful, or when principal or interest is past due 90 days or more unless the collateral is considered sufficient to cover principal and interest and the loan is in the process of collection. Interest accrued, but not collected at the date a loan is placed on non-accrual status, is reversed and charged against interest income. Subsequent cash receipts are applied either to the outstanding principal or recorded as interest income, depending on management's assessment of ultimate collectability of principal and interest. Loans are returned to an accrual status when the borrower's ability to make periodic principal and interest payments has returned to normal (i.e., brought current with respect to principal or interest or restructured) and the paying capacity of the borrower and/or the underlying collateral is deemed sufficient to cover principal and interest.

A loan is considered individually evaluated when it has been modified for a borrower in financial distress or when, based on current information and events, it is probable that the Bank will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Individually evaluated loans that have been modified are measured based on the present value of expected future discounted cash flows, the market price of the loan or the fair value of the underlying collateral if the loan is collateral dependent. The recognition of interest income on individually evaluated loans is the same as for non-accrual loans discussed above. Total non-performing loans, which include non-accrual loans, were \$12.2 million and \$7.2 million at December 31, 2024 and 2023, respectively. There were no loans included in individually evaluated loans at December 31, 2024 and 2023, respectively, that had been modified to borrowers in financial distress.

As of December 31, 2024, there was \$21.8 million in loans which were not then on non-accrual status or modified but where there is a potential weakness or pose unwarranted financial risk to the Bank, even though the asset value is not currently impaired. These loans require an increased degree of monitoring and servicing by management as a result of internal or external conditions.

When a loan is more than 30 days delinquent, the borrower is contacted by mail or phone and payment is requested. If the delinquency continues, subsequent efforts are made to contact the delinquent borrower. In certain instances, the Bank may modify the loan or grant a limited moratorium on loan payments to enable the borrower to reorganize their financial affairs. If the loan continues in a delinquent status for 90 days or more, the Bank generally will initiate foreclosure proceedings.

Loans are generally placed on non-accrual status when either principal or interest is 90 days or more past due. Interest accrued and unpaid at the time a loan is placed on non-accrual status is charged against interest income. Such interest, when ultimately collected, is applied either to the outstanding principal or recorded as interest income, depending on management's assessment of ultimate collectability of principal and interest.

Foreclosed Real Estate. Real estate acquired by the Bank as a result of foreclosure or by deed in lieu of foreclosure is classified as real estate owned until such time as it is sold. When real estate owned is acquired, it is recorded at its fair value less disposal costs. Management also periodically performs valuations of real estate owned and establishes allowances to reduce book values of the properties to their net realizable values when necessary. Any write-down of real estate owned is charged to operations. Real estate owned at December 31, 2024 and December 31, 2023, was \$1.6 million. Real estate owned consisted of two commercial owner occupied properties as of December 31, 2024.

Allowance for Credit Losses. It is the policy of management to estimate for possible losses on all loans in its portfolio, whether classified or not. A provision for credit losses is charged to operations based on management's evaluation of the inherent losses estimated to have occurred in the Bank's loan portfolio.

Management's judgment as to the level of probable losses on existing loans is based on its internal review of the loan portfolio, including an analysis of the borrower's current financial position; the level and trends in delinquencies, non-accruals and individually evaluated loans; the consideration of national and local economic conditions and trends; concentrations of credit; the impact of any changes in credit policy; the experience and depth of management and the lending staff; and any trends in loan volume and terms. In determining the collectability of certain loans, management also considers the fair value of any underlying collateral. However, management's determination of the appropriate allowance level, which is based upon the factors outlined above, which are believed to be reasonable, may or may not prove to be valid. Thus, there can be no assurance that charge-offs in future periods will not exceed the allowance for credit losses or that additional increases in the allowance for credit losses will not be required.

Allocation of Allowance for Credit Losses on Loans. The following table sets forth the allocation of the Bank's allowance for credit losses by loan category at the dates indicated and the related percentage of the loans in the portfolio. The portion of the loan loss allowance allocated to each loan category does not represent the total available for future losses that may occur within the loan category as the total loan loss allowance is a valuation reserve applicable to the entire loan portfolio.

	December 31, 2024				December 31, 2023			
	Amount	% of Loans to total Loans	Net charge off/(recovery)	Net charge off to average loans outstanding	Amount	% of Loans to total Loans	Net charge off/(recovery)	Net charge off to average loans outstanding
(Dollars in thousands)								
Commercial and Industrial	\$ 1,097	1.9 %	\$ (28)	— %	\$ 926	2.0 %	\$ (15)	— %
Construction	3,037	8.0	—	— %	3,347	8.8	—	— %
Real Estate Mortgage:								
Commercial – Owner Occupied	1,871	8.6	(1)	— %	1,795	7.9	(3)	— %
Commercial – Non-owner Occupied	6,300	19.7	—	— %	7,108	20.7	—	— %
Residential – 1 to 4 Family	9,166	24.0	—	— %	9,061	25.2	—	— %
Residential - 1 to 4 Family Investment	8,832	28.1	—	— %	8,783	29.3	—	— %
Residential – Multifamily	2,203	9.4	—	— %	1,049	5.8	—	— %
Consumer	67	0.3	(53)	— %	62	0.3	—	— %
Total allowance for credit losses	<u>\$ 32,573</u>	<u>100.0 %</u>	<u>\$ (82)</u>	<u>— %</u>	<u>\$ 32,131</u>	<u>100.0 %</u>	<u>\$ (18)</u>	<u>— %</u>
Period-end loans outstanding (net of deferred costs/fees)	<u>\$ 1,868,153</u>				<u>\$ 1,787,340</u>			
Average loans outstanding	<u>\$ 1,810,931</u>				<u>\$ 1,782,055</u>			
Total non-accrual loans	<u>\$11,773</u>				<u>\$7,238</u>			
Allowance as a percentage of period end loans	<u>1.74 %</u>				<u>1.80 %</u>			
Non-accrual loans as a percentage of period end loans	<u>0.63 %</u>				<u>0.40 %</u>			
Allowance as a percentage of non-performing loans	<u>276.68 %</u>				<u>443.92 %</u>			

Investment Activities

General. The investment policy of the Company is established by senior management and approved by the Board of Directors. It is based on asset and liability management goals and is designed to provide a portfolio of high quality investments that foster interest income within acceptable interest rate risk and liquidity guidelines. In accordance with accounting guidance, the Company classifies the majority of its portfolio of investment securities as “available for sale” with the remainder, which are a mix of municipal bonds and mortgage-backed-securities held for Community Reinvestment Act purposes, as “held to maturity.” At December 31, 2024, the Bank's investment policy allowed investments in instruments such as: (i) U.S. Treasury obligations, (ii) U.S. government agency or government-sponsored agency obligations, (iii) local municipal obligations, (iv) mortgage-backed securities, (v) certificates of deposit, and (vi) investment grade corporate bonds, trust preferred securities and mutual funds. The Board of Directors may authorize additional investments. At December 31, 2024, no one issuer of investment securities represented 10% or more of the Company's stockholders' equity.

Investment Portfolio Maturities. The following table sets forth information regarding the scheduled maturities, amortized costs, estimated fair values, and weighted average yields for the Bank's investment securities portfolio at December 31, 2024, by contractual maturity.

	At December 31, 2024					
	One Year or Less	After One Through Five Years	After Five Years Through Ten Years	After Ten Years	Total Investment Securities	
	Amortized Cost	Amortized Cost	Amortized Cost	Amortized Cost	Amortized Cost	Fair Value
(Dollars in thousands)						
Securities Held to Maturity:						
State and political subdivisions	\$ —	\$ 1,481	\$ 1,507	\$ 965	\$ 3,953	\$ 3,441
Yield	— %	4.76 %	1.90 %	1.93 %	2.96 %	
Residential mortgage-backed securities	—	—	—	5,256	5,256	4,051
Yield	— %	— %	— %	1.91 %	1.91 %	
Total securities held to maturity	—	1,481	1,507	6,221	9,209	7,492
Weighted Average Yield	— %	4.76 %	1.90 %	1.92 %	2.36 %	
Securities Available for Sale:						
Residential mortgage-backed securities	—	2,117	727	3,161	6,005	5,551
Yield	— %	2.24 %	1.99 %	2.69 %	2.43 %	
Total securities available for sale	—	2,117	727	3,161	6,005	5,551
Weighted Average Yield	— %	2.24 %	1.99 %	2.69 %	2.43 %	
Total Investment Securities	\$ —	\$ 3,598	\$ 2,234	\$ 9,382	\$ 15,214	\$ 13,043
Total Weighted Average Yield	— %	3.14 %	1.93 %	2.19 %	2.39 %	

Yields are calculated on a weighted average basis using the investments amortized cost and respective average yields for each investment category. Expected maturities of mortgage-backed securities may differ from contractual maturities due to calls or prepay obligations.

Sources of Funds

General. Deposits are the major external source of the Bank's funds for lending and other investment purposes. In addition to deposits, the Bank derives funds from the amortization, prepayment or sale of loans, maturities of investment securities and operations. Scheduled loan principal repayments are a relatively stable source of funds, while deposit inflows and outflows and loan prepayments are significantly influenced by general interest rates and market conditions.

Deposits. The Bank offers individuals and businesses a wide variety of accounts, including checking, savings, money market accounts, individual retirement accounts and certificates of deposit. Total deposits were \$1.63 billion at December 31, 2024. Deposits are obtained primarily from communities that the Bank serves, however, the Bank held brokered deposits of \$215.7 million and \$223.4 million at December 31, 2024, and 2023, respectively. At December 31, 2024, the Bank held brokered deposit balances in money market, and time deposit categories. Brokered deposits do not increase the deposit franchise of the Bank, and in a rising rate environment, the Bank may be unwilling or unable to pay a competitive rate. To the extent that such deposits do not remain with the Bank, they may need to be replaced with borrowings which could increase the Bank's cost of funds and negatively impact its interest rate spread, financial condition and results of operation. To mitigate the potential negative impact associated with brokered deposits, the Bank joined the IntraFi network ("IntraFi") to secure an additional alternative funding source. IntraFi provides the Bank an additional source of external funds through their weekly CDARS™ settlement process and their overnight ICS™ money market product. The Bank's CDARS™ and ICS™ deposits included within the brokered deposit total amounted to \$13.5 million and \$216.9 million at December 31, 2024 and 2023, respectively. Additionally, we have access to other brokered deposit funding sources that we utilize as a source of additional

liquidity. In addition to IntraFi, we utilize Wells Fargo, Piper Sandler, and Stonecastle to obtain brokered deposits, and as of December 31, 2024, the Company had \$202.2 million sourced from these broker relationships.

The following table sets forth information regarding deposit categories of the Bank.

	2024		
	Average Balance	Yield/Rate	Percent of Total
	(Dollars in thousands)		
NOWs	\$ 63,871	0.97%	4.22 %
Money markets	583,158	4.77%	38.52 %
Savings	66,369	1.13%	4.38 %
Time deposits	442,664	4.31%	29.24 %
Brokered CDs	170,454	5.30%	11.26 %
Total interest-bearing deposits	1,326,516	4.32%	
Non-interest bearing demand deposits	187,588		12.38 %
Total deposits	\$ 1,514,104		100.00 %
Uninsured deposits at the end of the period	\$ 642,730		

	2023		
	Average Balance	Yield/Rate	Percent of Total
	(Dollars in thousands)		
NOWs	\$ 86,932	1.58%	5.79 %
Money markets	403,292	4.25%	26.84 %
Savings	127,442	1.17%	8.48 %
Time deposits	498,089	3.06%	33.15 %
Brokered CDs	121,702	4.97%	8.10 %
Total interest-bearing deposits	1,237,457	3.33%	
Non-interest bearing demand deposits	265,148		17.65 %
Total deposits	\$ 1,502,605		100.00 %
Uninsured deposits at the end of the period	\$ 601,456		

The following table indicates the amount of the Company's certificates of deposit of \$250,000 or more, and the portion that are in excess of the Federal Deposit Insurance ("FDIC") limit, by time remaining until maturity as of December 31, 2024.

Maturity Period	Certificates of Deposit		Portion in Excess of FDIC Insurance Limit	
	(Dollars in thousands)			
Within three months	\$	58,381	\$	39,381
Over three through six months		37,624		12,874
Over six through twelve months		37,705		24,955
Over twelve months		2,650		1,400
Total	\$	136,360	\$	78,610

Under FDIC regulations, insured banks that are well capitalized with examination ratings in one of the two highest categories are permitted to accept brokered deposits and are not restricted as to the rates that can be paid on such deposits. Banks that are less than well capitalized or are not in one of the two highest examination rating categories may not accept brokered deposits absent a waiver from the FDIC and may not pay interest on brokered deposits that they are permitted to accept at a rate that is more than 75 basis points greater than the average national rate paid on deposits of similar size and

maturity. Pursuant to the Economic Growth, Regulatory Relief and Consumer Protection Act (“EGRRCPA”), the FDIC has amended its brokered deposit rule to exempt reciprocal deposits in an amount not exceeding the lesser of \$5 billion or 20% of a bank’s total liabilities from the definition of brokered deposits. A bank that was well-capitalized and highly rated may continue to accept reciprocal deposits after it becomes less than well-capitalized or is no longer highly rated provided that reciprocal deposits do not exceed the average amount of reciprocal deposits as the preceding four quarter ends.

Subsidiary Activities

The Company's only significant subsidiary is the Bank.

Personnel

At December 31, 2024, the Bank had 99 full-time and 9 part-time employees.

Regulation

Set forth below is a brief description of certain laws that relate to the regulation of the Bank and the Company. The description does not purport to be complete and is qualified in its entirety by reference to applicable laws and regulations.

Consent Orders with Banking Regulators

In the fourth quarter of 2020, the Bank entered into a Stipulation to the Issuance of a Consent Order with each of the Federal Deposit Insurance Corporation (the “FDIC”) and the New Jersey Department of Banking and Insurance (the “NJDOBI”), consenting to the issuance of substantially identical consent orders (the “Consent Orders”) relating to weaknesses in the Bank’s Bank Secrecy Act and Anti-Money Laundering (collectively “BSA”) compliance program. In consenting to the issuance of the Consent Orders, the Bank did not admit or deny any charges of unsafe or unsound banking practices related to the BSA compliance program.

Under the terms of the Consent Orders, the Bank and/or its Board of Directors is required to take certain actions which include, but are not limited to:

- Increase supervision and direction of the Bank’s BSA compliance program and assume full responsibility for the approval and implementation of sound BSA policies and procedures;
- Creation of a compliance committee of the Board of Directors of the Bank with the responsibility of overseeing compliance with the Orders, BSA and the BSA compliance program;
- Designate a qualified individual(s) acceptable to the FDIC and the NJDOBI as a BSA Officer;
- Review and improve the Bank’s BSA compliance program, BSA risk assessment, system of BSA internal controls, and customer due diligence policies;
- Develop, adopt and implement effective training programs for the Board and management on all relevant aspects of laws, regulations and policies relating to BSA and ensure that an adequate number of qualified staff have been retained for the Bank’s BSA Department;
- Ensure the Bank’s adherence to a written program of policies and procedures to provide for BSA compliance and the appropriate identification and monitoring of transactions that pose greater than normal risk for BSA compliance;
- Development and implementation of a customer due diligence program to enhance customer due diligence and risk assessment processes;
- Review and improve policies and procedures for monitoring and reporting suspicious activity;
- Conduct independent testing for compliance with BSA by either a qualified outside party or Bank personnel who are independent of the BSA function and are qualified to perform such testing; and
- Hire a qualified firm acceptable to the FDIC and the NJDOBI to conduct a look back review of accounts and transaction activity for the time period beginning January 1, 2019, through the effective date of the Orders.

Numerous actions have already been taken or commenced by the Bank, which will assist in complying with the Consent Orders and strengthen its BSA compliance practices, policies, procedures and controls.

The Consent Orders have resulted, and are expected to continue to result, in additional BSA compliance expenses for the Bank and the Company. The Consent Orders do not otherwise impact the Bank’s business activities outside of BSA.

The Consent Orders do not require the Bank to pay any civil money penalty or require additional capital.

The foregoing summary description of the Consent Orders is not complete and is qualified by reference to the full text of the Consent Orders, copies of which are filed as Exhibits 99.1 and 99.2 to this Annual Report on Form 10-K.

The Consent Orders will remain in effect and be enforceable until they are modified, terminated, suspended or set aside by the FDIC and the NJDOBI. Management and the Board have expressed their full intention to comply with all parts of the Consent Orders at the earliest possible date. Issuance of the Consent Orders do not preclude further government action with respect to the Bank's BSA program, including the imposition of fines, sanctions, additional expenses and compliance cost, and/or restrictions on the activities of the Bank.

Holding Company Regulation

General. The Company is a bank holding company within the meaning of the Bank Holding Company Act of 1956 (the "BHC Act"), and is regulated by the Federal Reserve. The Federal Reserve has enforcement authority over the Company and the Company's non-bank subsidiary which also permits the Federal Reserve to restrict or prohibit activities that are determined to be a serious risk to the subsidiary bank. The Company is required to file periodic reports of its operations with, and is subject to examination by, the Federal Reserve. This regulation and oversight is generally intended to ensure that the Company limits its activities to those allowed by law and that it operates in a safe and sound manner without endangering the financial health of its subsidiary bank.

Under the BHC Act, the Company must obtain the prior approval of the Federal Reserve before it may acquire control of another bank or bank holding company, merge or consolidate with another bank holding company, acquire all or substantially all of the assets of another bank or bank holding company, or acquire direct or indirect ownership or control of any voting shares of any bank or bank holding company if, after such acquisition, the Company would directly or indirectly own or control more than 5% of such shares.

Subsidiary banks of a bank holding company are subject to certain restrictions imposed by the BHC Act on extensions of credit to the bank holding company or any of its subsidiaries, on investments in the stock or other securities of the bank holding company or its subsidiaries, and on the taking of such stock or securities as collateral for loans to any borrower. Furthermore, under amendments to the BHC Act and regulations of the Federal Reserve, a bank holding company and its subsidiaries are prohibited from engaging in certain tie-in arrangements in connection with any extension of credit or provision of credit or providing any property or services. Generally, this provision provides that a bank may not extend credit, lease or sell property, or furnish any service to a customer on the condition that the customer obtain additional credit or service from the bank, the bank holding company, or any other subsidiary of the bank holding company or on the condition that the customer not obtain other credit or service from a competitor of the bank, the bank holding company, or any subsidiary of the bank.

Source of Strength Doctrine. A bank holding company is required to serve as a source of financial and managerial strength to its subsidiary banks and may not conduct its operations in an unsafe or unsound manner. In addition, it is the policy of the Federal Reserve that a bank holding company should stand ready to use available resources to provide adequate capital to its subsidiary banks during periods of financial stress or adversity and should maintain the financial flexibility and capital-raising capacity to obtain additional resources for assisting its subsidiary banks. A bank holding company's failure to meet its obligations to serve as a source of strength to its subsidiary banks will generally be considered by the Federal Reserve to be an unsafe and unsound banking practice or a violation of the Federal Reserve regulations, or both.

Non-Banking Activities. The business activities of the Company, as a bank holding company, are restricted by the BHC Act and the Federal Reserve's bank holding company regulations. Under the BHC Act and Federal Reserve regulation, the Company generally may only engage in, or acquire or control voting securities or assets of a company engaged in, (1) banking or managing or controlling banks and other subsidiaries authorized under the BHC Act and (2) any BHC Act activity the Federal Reserve has determined to be so closely related to banking or managing or controlling banks to be a proper incident thereto. These include any incidental activities necessary to carry on those activities, as well as a lengthy list of activities that the Federal Reserve has determined to be so closely related to the business of banking as to be a proper incident thereto.

In addition, a bank holding company that qualifies to be treated as a "financial holding company" and submits a financial holding company notice to the Federal Reserve may engage in a broad range of additional activities that are (i) financial in nature or incidental to such financial activities or (ii) complementary to a financial activity and do not pose a substantial risk to the safety and soundness of depository institutions or the financial system generally. These activities include securities underwriting and dealing, insurance agency and underwriting, and making merchant banking investments. The Company has not submitted notice to the Federal Reserve of its intent to be deemed a financial holding company.

Regulatory Capital Requirements. The Federal Reserve has adopted regulatory capital requirements pursuant to which it assesses the adequacy of capital in examining and supervising a bank holding company and in analyzing applications to it under the BHC Act. The Federal Reserve's capital requirements are similar to those imposed on the Bank by the FDIC. See "Regulation of the Bank-Regulatory Capital Requirements." Under the Federal Reserve's Small Bank Holding Company Policy Statement, however, such regulatory capital requirements generally do not apply on a consolidated basis to a bank holding company with total assets of less than \$3 billion unless the holding company: (1) is engaged in significant nonbanking activities either directly or through a nonbank subsidiary; (2) conducts significant off-balance sheet activities (including securitization and asset management or administration) either directly or through a nonbank subsidiary; or (3) has a material amount of debt or equity securities outstanding (other than trust preferred securities) that are registered with the SEC. The Federal Reserve may apply the regulatory capital standards at its discretion to any bank holding company, regardless of asset size, if such action is warranted for supervisory purposes.

Restrictions on Dividends. The Company is subject to various restrictions relating to the payment of dividends. The Federal Reserve has issued guidance indicating that bank holding companies should generally pay dividends only if the company's net income available to common shareholders over the past year has been sufficient to fully fund the dividends, and the prospective rate of earnings retention appears consistent with the company's capital needs, asset quality and overall financial condition. The Federal Reserve's guidance also states that a bank holding company should inform and consult with its regional Federal Reserve Bank in advance of declaring or paying a dividend that exceeds earnings for the period for which the dividend is being paid or that could result in a material adverse change to the organization's capital structure.

The Federal Reserve has issued a policy statement on the payment of cash dividends by bank holding companies, which expresses the Federal Reserve's view that a bank holding company should pay cash dividends only to the extent that the holding company's net income for the past year is sufficient to cover both the cash dividends and a rate of earnings retention that is consistent with the holding company's capital needs, asset quality and overall financial condition. The Federal Reserve also indicated that it would be inappropriate for a company experiencing serious financial problems to borrow funds to pay dividends. In addition, the Federal Reserve's guidance states that a bank holding company should consult with its regional Federal Reserve Bank in advance of declaring or paying a dividend that exceeds earnings for the period for which the dividend is being paid or that could result in a material adverse change to the organization's capital structure. Finally, under the federal prompt corrective action regulations, the Federal Reserve may prohibit a bank holding company from paying any dividends if the holding company's bank subsidiary is classified as "undercapitalized."

As a majority of the Company's revenues result from dividends paid to the Company by the Bank, the Company's ability to pay dividends to our shareholders largely depends on the receipt of such dividends from the Bank. The Bank is subject to various laws and regulations limiting the amount of dividends that it can pay. Under New Jersey law, no dividend may be paid if the dividend would impair the capital stock of the Bank. In addition, no dividend may be paid unless the Bank would, after payment of the dividend, have a surplus of at least 50% of its capital stock (or if the payment of dividend would not reduce surplus). Finally, if the Bank does not maintain the capital conservation buffer required by applicable regulatory capital rules, its ability to pay dividends or other capital distributions to the Company will be limited. See "- Regulation of the Bank - Regulatory Capital Requirements."

Federal Securities Law. The Company's common stock is registered under Section 12(b) of the Securities Exchange Act of 1934, as amended (the "1934 Act"), and the Company is subject to the periodic reporting and other requirements of Section 12(b) of the 1934 Act, as amended.

Regulation of the Bank

The Bank operates in a highly regulated industry. This regulation and supervision establishes a comprehensive framework of activities in which a bank may engage and is intended primarily for the protection of the deposit insurance fund and depositors and not shareholders of the Bank.

Any change in applicable statutory and regulatory requirements, whether by the NJDOBI, the FDIC, the United States Congress or state legislatures, could have a material adverse impact on the Bank, and its operations. The adoption of regulations or the enactment of laws that restrict the operations of the Bank or impose burdensome requirements upon it could reduce its profitability and could impair the value of the Bank's franchise, which developments could hurt the trading price of the Company's stock.

As a New Jersey-chartered commercial bank, the Bank is subject to the regulation and supervision of the NJDOBI. As an FDIC-insured institution, the Bank is subject to regulation and supervision of the FDIC. The regulations of the FDIC and the NJDOBI affect virtually all activities of the Bank, including the minimum level of capital the Bank must maintain, the ability of

the Bank to pay dividends, the ability of the Bank to expand through new branches or acquisitions and various other matters. The NJDOBI and the FDIC regularly examine the Bank and prepare reports to the Bank's Board of Directors on deficiencies, if any, found in its operations. The regulatory authorities have substantial discretion to impose enforcement action on an institution that fails to comply with applicable regulatory requirements.

Under the New Jersey Banking Act of 1948, a bank may declare and pay dividends only if after payment of the dividend the capital stock of the bank will be unimpaired and either the bank will have a surplus of not less than 50% of its capital stock or the payment of the dividend will not reduce the bank's surplus.

Federal Deposit Insurance. The FDIC insures deposits at federally insured financial institutions such as the Bank. Deposit accounts in the Bank are insured by the FDIC's Deposit Insurance Fund up to a maximum of \$250,000 per separately insured depositor.

The Bank is subject to deposit insurance assessments established by the FDIC to maintain the Deposit Insurance Fund (the "DIF"). Under the FDIC's risk-based assessment system, banks that are deemed to be less risky pay lower assessments. Assessment rates for small institutions (those with less than \$10 billion in assets) are based on an institution's weighted average CAMELS component ratings and certain financial ratios and are applied to the institution's assessment base, which equals its average total assets minus its average tangible equity.

In October 2022, the FDIC adopted a final rule that increased the initial base deposit insurance assessment rate schedules uniformly by 2 basis points beginning with the first quarterly assessment period of 2023. The increased assessment is expected to improve the likelihood that the DIF reserve ratio would reach the statutory minimum of 1.35% by the statutory deadline of September 30, 2028, consistent with the FDIC's amended restoration plan. The FDIC assessment rates effective January 1, 2023 (which are subject to certain adjustments) range from 5 to 18 basis points for institutions with CAMELS composite ratings of 1 or 2, 8 to 32 basis points for those with a CAMELS composite score of 3, and 18 to 32 basis points for those with CAMELS composite scores of 4 or 5. Significant increases in assessments may have an adverse effect on the operating expenses and results of operations of the Bank.

Insurance of deposits may be terminated by the FDIC upon a finding that an institution has engaged in unsafe or unsound practices, is in an unsafe or unsound condition to continue operations or has violated any applicable law, regulation, rule, order or condition imposed by the FDIC. We do not currently know of any practice, condition or violation that may lead to termination of our deposit insurance.

Regulatory Capital Requirements. The Bank is required to comply with applicable capital adequacy rules adopted by the FDIC and other federal bank regulatory agencies (the "Basel III Capital Rules"). The Basel III Capital Rules apply to all depository institutions as well as to all top-tier bank and savings and loan holding companies that are not subject to the Federal Reserve Small Bank Holding Company Policy Statement.

Under the Basel III Capital Rules, banks are required to meet four minimum capital standards: (1) a "Tier 1" or "core" capital leverage ratio equal to at least 4% of total adjusted assets; (2) a common equity Tier 1 capital ratio equal to 4.5% of risk-weighted assets; (3) a Tier 1 risk-based ratio equal to 6% of risk-weighted assets; and (4) a total capital ratio equal to 8% of total risk-weighted assets. Common equity Tier 1 capital is defined as common stock instruments, retained earnings, any common equity Tier 1 minority interest and, unless the bank has made an "opt-out" election, accumulated other comprehensive income, net of goodwill and certain other intangible assets. Tier 1 or core capital is defined as common equity Tier 1 capital plus certain qualifying subordinated interests and grandfathered capital instruments. Total capital consists of Tier 1 capital plus Tier 2 or supplementary capital items, which include allowances for loan losses in an amount of up to 1.25% of risk-weighted assets, qualifying subordinated instruments and certain grandfathered capital instruments. An institution's risk-based capital requirements are measured against risk-weighted assets, which equal the sum of each on-balance-sheet asset and the credit-equivalent amount of each off-balance-sheet item after being multiplied by an assigned risk weight. Risk weightings range from 0% for cash to 100% for property acquired through foreclosure, commercial loans, and certain other assets to 150% for exposures that are more than 90 days past due or are on nonaccrual status and certain commercial real estate facilities that finance the acquisition, development or construction of real property.

In addition to the above minimum requirements, the Basel III Capital Rules require banks and covered financial institution holding companies to maintain a capital conservation buffer of at least 2.5% of risk-weighted assets over and above the minimum risk-based capital requirements. Institutions that do not maintain the required capital buffer will become subject to progressively more stringent limitations on the percentage of earnings that can be paid out in dividends or used for stock repurchases and on the payment of discretionary bonuses to senior executive management. The capital buffer requirement effectively raises the minimum required risk-based capital ratios to 7% for Common Equity Tier 1 Capital, 8.5% for Tier 1 Capital and 10.5% for Total Capital on a fully phased-in basis.

In assessing an institution's capital adequacy, the FDIC takes into consideration not only these numeric factors but also qualitative factors, and has the authority to establish higher capital requirements for individual institutions where necessary.

Prompt Corrective Regulatory Action. Under applicable federal statute, the federal bank regulatory agencies are required to take "prompt corrective action" with respect to institutions that do not meet specified minimum capital requirements. For these purposes, the statute establishes five capital categories: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized. Under the implementing regulations, in order to be considered well capitalized, a bank must have a ratio of common equity Tier 1 capital to risk-weighted assets of 6.5%, a ratio of Tier 1 capital to risk-weighted assets of 8%, a ratio of total capital to risk-weighted assets of 10%, and a leverage ratio of 5%.

An institution is "adequately capitalized" if it has a Total Risk-Based Capital Ratio of 8.0% or greater, a Tier 1 Risk-Based Capital Ratio of 6.0% or greater, a Common Equity Tier 1 Capital Ratio of 4.5% or better and a Leverage Ratio of 4.0% or greater. An institution is "undercapitalized" if it has a Total Risk-Based Capital Ratio of less than 8.0%, a Tier 1 Risk-Based Capital ratio of less than 6.0%, a Common Equity Tier 1 ratio of less than 4.5% or a Leverage Ratio of less than 4.0%. An institution is deemed to be "significantly undercapitalized" if it has a Total Risk-Based Capital Ratio of less than 6.0%, a Tier 1 Risk-Based Capital Ratio of less than 4.0%, a Common Equity Tier 1 ratio of less than 3.0% or a Leverage Ratio of less than 3.0%. An institution is considered to be "critically undercapitalized" if it has a ratio of tangible equity to total assets that is equal to or less than 2.0%.

The prompt corrective action regulations provide for the imposition of a variety of requirements and limitations on institutions that fail to meet the above capital requirements. In particular, the FDIC may require any state non-member bank that is not "adequately capitalized" to take certain action to increase its capital ratios. If the non-member bank's capital is significantly below the minimum required levels of capital or if it is unsuccessful in increasing its capital ratios, the bank's activities may be restricted.

As of December 31, 2024, the Bank was in compliance with all regulatory capital standards and qualified as "well capitalized." See Note 13 of Notes to Consolidated Financial Statements.

Bank Secrecy Act / Anti-Money Laundering Laws. The Bank is subject to the Bank Secrecy Act and other anti-money laundering laws and regulations, including the USA PATRIOT Act of 2001. These laws and regulations require the Bank to implement policies, procedures, and controls to detect, prevent, and report money laundering and terrorist financing and to verify the identity of their customers. Violations of these requirements can result in substantial civil and criminal sanctions. In addition, provisions of the USA PATRIOT Act require the federal financial institution regulatory agencies to consider the effectiveness of a financial institution's anti-money laundering activities when reviewing mergers and acquisitions.

Privacy Regulations and Cybersecurity. Federal regulations generally require that the Bank disclose its privacy policy, including identifying with whom it shares a customer's "non-public personal information," to customers at the time of establishing the customer relationship and annually thereafter. In addition, the Bank is required to provide its customers with the ability to "opt-out" of having their personal information shared with unaffiliated third parties and not to disclose account numbers or access codes to non-affiliated third parties for marketing purposes. The Bank currently has a privacy protection policy in place and believes that such policy is in compliance with the regulations.

In November 2021, the federal bank regulatory agencies issued a final rule requiring banking organizations to notify their primary federal regulator as soon as possible and no later than 36 hours of determining that a "computer-security incident" that rises to the level of a "notification incident," as those terms are defined in the final rule, has occurred. A notification incident is a "computer-security incident" that has materially disrupted or degraded, or is reasonably likely to materially disrupt or degrade, the banking organization's ability to deliver services to a material portion of its customer base, jeopardize the viability of key operations of the banking organization, or impact the stability of the financial sector. The final rule also requires bank service providers to notify any affected bank to or on behalf of which the service provider provides services "as soon as possible" after determining that it has experienced an incident that materially disrupts or degrades, or is reasonably likely to materially disrupt or degrade, covered services provided to such bank for four or more hours.

Transactions with Related Parties. The Bank is subject to the Federal Reserve's Regulation W, which implements the restrictions of Sections 23A and 23B of the Federal Reserve Act on transactions between a bank and its "affiliates." The sole "affiliate" of the Bank, as defined in Regulation W, is the Company. Section 23A and Regulation W generally place limits on the amount of a bank's loans or extensions of credit to, investments in, or certain other transactions with its affiliates, and on the amount of advances to third parties collateralized by the securities or obligations of affiliates. Section 23B and Regulation W also require a bank's transactions with affiliates to be on terms substantially the same, or at least as favorable to the bank, as those prevailing at the time for comparable transactions with non-affiliated companies.

The Bank is also subject to certain restrictions under Sections 22(g) and 22(h) of the Federal Reserve Act on extensions of credit to the executive officers, directors, principal shareholders of the Bank and the Company, as well as to entities controlled by such persons. Among other things and subject to certain exceptions, these provisions generally require that the Bank's extensions of credit to the insiders of the Bank and the Company must be made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with third parties and must not involve more than the normal risk of repayment or present other unfavorable features.

Federal Home Loan Bank System. The Bank is a member of the Federal Home Loan Bank ("FHLB") of New York, which is one of 11 regional FHLBs. Each FHLB serves as a reserve or central bank for its members within its assigned region. It is funded primarily from funds deposited by member institutions and proceeds from the sale of consolidated obligations of the FHLB System. It makes loans to members (i.e., advances) in accordance with policies and procedures established by the Board of Directors of the FHLB.

As a member, the Bank is required to purchase and maintain restricted stock in the FHLB of New York ("FHLB NY") in an amount equal to the greater of 1% of its aggregate unpaid residential mortgage loans, home purchase contracts or similar obligations at the beginning of each year or 5% of the Bank's outstanding advances from the FHLB. At December 31, 2024, the Bank was in compliance with this requirement.

Community Reinvestment Act and Fair Lending Laws. Under the Community Reinvestment Act, every insured depository institution, including the Bank, has a continuing and affirmative obligation consistent with its safe and sound operation to help meet the credit needs of its entire community, including low and moderate income neighborhoods. The Community Reinvestment Act does not establish specific lending requirements or programs for financial institutions, nor does it limit an institution's discretion to develop the types of products and services that it believes are best suited to its particular community. The Community Reinvestment Act requires the depository institution's record of meeting the credit needs of its community to be assessed and taken into account in the evaluation of certain applications by such institution, such as a merger or the establishment of a branch office by the Bank. An unsatisfactory Community Reinvestment Act examination rating may be used as the basis for the denial of an application. The Bank received a "needs to improve" rating in its most recent Community Reinvestment Act examination.

In May 2022, the FDIC and the other federal bank regulatory agencies issued a joint proposal to modernize the regulations implementing the CRA, which would change both the process and substantive tests that the regulators use to assess the record of each bank in fulfilling its obligation to the community. The regulatory agencies stated that the proposal is intended to achieve the following objectives: (i) expand access to credit, investment and basic banking services in low- and moderate-income communities, (ii) adapt to changes in the banking industry, including internet and mobile banking, (iii) provide greater clarity, consistency and transparency in the application of the regulations and (iv) tailor performance standards to account for differences in bank size, business model, and local conditions. The Company will evaluate the impact of the proposal's potential changes to the regulations implementing the CRA and their impact to our financial condition and/or results of operations, which cannot be predicted at this time.

In addition, the Equal Credit Opportunity Act and the Fair Housing Act prohibit lenders from discriminating in their lending practices on the basis of characteristics specified in those statutes. A failure to comply with the Equal Credit Opportunity Act or the Fair Housing Act or with the federal fair lending regulations implementing those statutes could result in an enforcement action by the FDIC, as well as by the Department of Justice.

Incentive Compensation. The FDIC and the Federal Reserve review, as part of their regular, risk-focused examinations, the incentive compensation arrangements of banking organizations. These reviews are tailored to each organization based on the scope and complexity of the organization's activities and the prevalence of incentive compensation arrangements. Deficiencies are incorporated into the organization's supervisory ratings, which can affect the organization's ability to make acquisitions and take other actions. Enforcement actions may be taken against a banking organization if its incentive compensation arrangements, or related risk-management control or governance processes, pose a risk to the organization's safety and soundness and the organization is not taking prompt and effective measures to correct the deficiencies.

In 2010, the FDIC and the other federal bank regulatory agencies issued comprehensive guidance on incentive compensation policies intended to ensure that the incentive compensation policies of banking organizations do not undermine the safety and soundness of such organizations by encouraging excessive risk-taking. The guidance, which covers all employees that have the ability to materially affect the risk profile of an organization, is based upon the principles that a banking organization's incentive compensation arrangements should (i) provide incentives that do not encourage risk-taking beyond the organization's ability to effectively identify and manage risks, (ii) be compatible with effective internal controls and risk

management, and (iii) be supported by strong corporate governance, including active and effective oversight by the organization's board of directors.

In 2016, the U.S. financial regulators, including the FDIC, the Federal Reserve and the SEC, proposed revised rules on incentive-based payment arrangements at financial institutions having at least \$1 billion in total assets. These proposed rules have not been finalized.

In October 2023, the Nasdaq adopted listing standards requiring listed companies to adopt policies providing for the recovery or "clawback" of excess incentive-based compensation earned by current or former executive officers during the three fiscal years preceding the date the listed company determines an accounting restatement is required. The Company adopted a clawback policy compliant with the new Nasdaq listing standard, effective October 2, 2023.

Item 1A. Risk Factors.

Not applicable

Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity

The Risk Management Committee of the Board of Directors (the "Committee") is responsible for overseeing the risks from cybersecurity threats. The Committee receives reports from, and oversees, IT Risk Assessment, Cybersecurity Risk Assessment, Annual IT Program Status Report, Vendor Management Risk Assessment, and Quarterly Internal Vulnerability Reports and current Cyber Events briefings. The Committee also makes budgeting, procedure, and policy decisions designed and intended to improve the Company's residual risk.

The IT Steering Committee consists of the Company's senior management, the entire IT team, and various operations personnel. The primary function of the IT Steering Committee is to perform Strategic Planning, discuss hardware and software replacement, new projects, current cybersecurity threats, and ongoing cybersecurity issues and threats. The IT manager provides an IT status report to the Risk Management committee on a quarterly basis.

Our IT department performs annual risk assessments to evaluate the effectiveness of the controls to support the requirements under Gramm-Leach Bliley Act ("GLBA"), and Federal Institutions Examination Council ("FFIEC") Guidance on Securing Customer Information. The focus areas include:

- technology systems used for information that is collected, processed, and stored;
- assessing internal and external cybersecurity threats and vulnerabilities;
- performing regular penetration and controls testing;
- evaluation and assessment of impact should the information or systems become compromised;
- evaluation for the effectiveness of the governance structure for Information security risk management.

Internal and external Penetration Testing is performed annually. Tests are conducted or reviewed by independent third parties or qualified Associates independent of those that develop or maintain the security program. Testing is performed annually by third party auditors contracted through the company's IT department. Management reviews test results promptly and ensures that appropriate steps are taken to address adverse test results. Remediation efforts are organized and made available to the Committee as well as for review by third party auditors and examiners.

The Company has adopted an Incident Response Plan (the "Plan") to monitor, detect, mitigate and remediate cybersecurity incidents. The Plan requires all employees to have a working knowledge of the Company's Information Security Program and Incident Response Policies. Pursuant to the Plan, the Information Technology Administrator and Senior Compliance Management identify information owners for sensitive customer information and create an incident response team. Each Department Manager, upon notification of a potential unauthorized access, manipulation of data or theft of any item identified under GLBA Inventory and Asset Classification, is responsible for further assessing the situation in order to document the suspected or actual breach, and forward the appropriate documentation to the Information Technology Administrator. The documentation of the suspected or actual incident includes the following:

- a. Identify the nature and scope of the incident.
- b. Identify the information systems affected.
- c. Identify the types of customer information potentially affected.

Once the Department Manager has determined that unauthorized access, manipulation of data or theft of any item identified under GLBA Inventory and Asset Classification has occurred, Senior Management, the Compliance Officer and the Information Technology Administrator must be contacted immediately.

If theft of any item identified under GLBA Inventory and Asset Classification has occurred, and it cannot be determined what specific information was included on the Asset, the Asset is treated as if it contained sensitive customer information and Senior Management, the Compliance Officer and the Information Technology Administrator must be contacted immediately. If the Information Technology Administrator and Senior Compliance Management declare an incident or if there is a confirmed theft or loss of customer information, appropriate regulatory authorities, law enforcement, and legal counsel are notified.

During the fiscal year ended December 31, 2024, the risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, have not materially affected the Company, its business strategy, results of operations, or financial condition.

Item 2. Properties.

(a) Properties

Office Location	Year Facility Opened	Lease or Owned
Parke Main Office 601 Delsea Drive Sewell, NJ 08080	1999	Owned
Northfield Branch 501 Tilton Road Northfield, NJ 08225	2002	Leased
Kennedy Branch 567 Egg Harbor Road Sewell, NJ 08080	2003	Owned
Spruce Street Branch 1610 Spruce Street Philadelphia, PA 19103	2006	Leased
Galloway Township Branch 67 E. Jimmy Leeds Road Galloway Township, NJ 08205	2010	Owned
Collingswood Branch 1150 Haddon Avenue Collingswood, NJ 08108	2016	Owned
Arch Street Branch 1032 Arch Street Philadelphia, PA 19108	2016	Leased
Philadelphia Lending Office 1817 E. Venango St. Philadelphia, PA 19108	2023	Leased

Item 3. Legal Proceedings.

Information regarding legal proceedings is included in Note 14, Commitments and Contingencies, to the Consolidated Financial Statements under Part II, Item 8, "Financial Statement and Supplementary Data."

Item 4. Mine Safety Disclosures.

Not Applicable.

Part II

Item 5. Market for Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The Company's common stock is listed on the Nasdaq Capital Market under the trading symbol of "PKBK". The number of shareholders of record of common stock as of December 31, 2024, was approximately 223. This does not reflect the number of persons or entities who held stock in nominee or "street" name through various brokerage firms. As of March 11, 2024, there were 11,842,596 shares of our common stock issued and outstanding.

The Company paid a \$0.18 per share quarterly common stock cash dividend during each quarter of 2024. During 2024, the Company paid a total of \$8.6 million in common stock cash dividends.

The Company also has 325 shares of 6% non-Cumulative Series B Preferred Stock outstanding at December 31, 2024. The preferred stock has a liquidation preference of \$1,000 per share. Each share of Series B Preferred Stock is convertible, at the option of the holder into approximately 137.6 shares of Common Stock at December 31, 2024. Upon full conversion of the outstanding shares of the Series B Preferred Stock, the Company will issue approximately 44,720 shares of Common Stock assuming that the conversion rate does not change. The conversion rate and the total number of shares to be issued would be adjusted for future stock dividends, stock splits and other corporate actions.

The Company has recorded dividends on preferred stock in the approximate amount of \$20,250 and \$26,000 for the years ended December 31, 2024 and 2023, respectively. The Company paid quarterly cash dividends of \$15 per share on the preferred stock for the years 2024 and 2023. During 2024, preferred stockholders converted 50 shares of preferred shares into 6,877 shares of common stock. The preferred stock qualifies, and is accounted, as equity securities and is included in the Company's Tier I capital since issued.

The timing and amount of future dividends will be within the discretion of the Board of Directors and will depend on the consolidated earnings, financial condition, liquidity, and capital requirements of the Company and its subsidiaries, applicable governmental regulations and restrictions, and Board policies, and other factors deemed relevant by the Board.

The Company's ability to pay dividends is substantially dependent upon the dividends it receives from the Bank and is subject to other restrictions. Under current regulations, the Bank's ability to pay dividends is restricted as well.

Under the New Jersey Banking Act of 1948, a bank may declare and pay dividends only if after payment of the dividend the capital stock of the bank will be unimpaired and either the bank will have a surplus of not less than 50% of its capital stock or the payment of the dividend will not reduce the bank's surplus.

Pursuant to the terms of the Series B Preferred Stock, the Company may not pay a cash dividend on the common stock unless all dividends on the Series B Preferred Stock for the then-current dividend period have been paid or set aside.

The Federal Deposit Insurance Act generally prohibits all payments of dividends by any insured bank that is in default of any assessment to the FDIC. Additionally, because the FDIC may prohibit a bank from engaging in unsafe or unsound practices, it is possible that under certain circumstances the FDIC could claim that a dividend payment constitutes an unsafe or unsound practice. The New Jersey Department of Banking and Insurance has similar power to issue cease and desist orders to prohibit

what might constitute unsafe or unsound practices. The payment of dividends may also be affected by other factors (e.g., the need to maintain adequate capital or to meet loan loss reserve requirements).

Repurchases of the Company's Common Stock during the twelve months ended December 31, 2024 totaled 200,000 shares at an average price of \$21.28. Set forth below is information regarding the Company's stock repurchases during the fiscal year ended December 31, 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 Program	Maximum Number of Shares that May Yet Be Purchased Under the Program
August 1 - 31, 2024	50,001	\$ 19.41	50,001	563,095
September 1 - 30, 2024	49,999	20.79	49,999	513,096
October 1 - 31, 2024	16,500	21.26	16,500	496,596
November 1 - 30, 2024	45,088	22.65	45,088	451,508
December 1 - 31, 2024	38,412	22.58	38,412	413,096
Total	200,000	\$ 21.28	200,000	

Shareholders wishing to change the name, address or ownership of the Company's stock, report lost certificates or consolidate accounts are asked to contact the Company's Transfer Agent and Registrar directly: Computershare Investor Services ("Computershare"), P.O. Box 43078, Providence, Rhode Island 02940-3078. Shareholders may also contact Computershare at 1-800-942-5909 and www.computershare.com.

Item 6. [Reserved]

Not applicable

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Overview

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, Pennsylvania, and New York. The Bank has branches in Galloway Township, Northfield, Washington Township, and Collingswood, New Jersey and Philadelphia, Pennsylvania. The vast majority of our revenue and income is currently generated through the Bank.

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

We focus on small to mid - sized business and retail customers and offer a range of loan products, deposit 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.

As of December 31, 2024, we had total assets of \$2.14 billion, total liabilities of \$1.84 billion, and total shareholders' equity of \$300.1 million. Net income available to common shareholders for 2024 was \$27.5 million. In 2024, net income available to common shareholders decreased 3.3% over the previous year primarily due to a decrease in net interest income, an increase in the provision for credit losses, and a decrease in non-interest income, partially offset by a decrease in non-interest expense. At December 31, 2024, total assets increased 5.9% and total equity increased 5.5%, compared to December 31, 2023. Our risk based tier 1 capital ratio was 21.2% at December 31, 2024. In addition, during the fiscal year ended December 31, 2024 we returned \$8.6 million of capital to our common shareholders through cash dividends, and we repurchased 200,000 common stock shares at a total cost of \$4.3 million.

Our business operations are subject to risks and uncertainties that could materially affect our operating results. The extent of such impact will depend on future developments, which are highly uncertain. There continues to be various other risks and uncertainties that could impact the Company's businesses and future results, such as changes to the U.S. economic condition, market interest rates, the Federal Reserve Board's monetary policy, other government policies, and actions of regulatory agencies.

Results of Operations

Net Income

We recorded net income available to common shareholders of \$27.5 million or \$2.30 per basic common share and \$2.27 per diluted common share, for the year ended December 31, 2024, compared to \$28.4 million, or \$2.38 per basic common share and \$2.35 per diluted common share, for the year ended December 31, 2023, a decrease of \$0.9 million or 3.3%.

Net Interest Income

Net interest income decreased \$5.5 million, or 8.6%, to \$58.7 million for the year ended 2024 compared to \$64.2 million for the year ended 2023. The decrease in net interest income was primarily due to an increase in interest expense of \$17.9 million, partially offset by an increase in interest income of \$12.4 million. Interest income for 2024 increased to \$125.1 million, an increase of \$12.4 million, or 11.0%, from \$112.7 million for 2023, primarily due to an increase in interest and fees on loans of \$11.8 million, or 11.1%. Interest and fees on loans increased during the year ended December 31, 2024, due to higher average outstanding loan balances and higher market interest rates. Interest expense increased to \$66.4 million for 2024, from \$48.5 million for 2023, an increase of \$17.9 million, or 36.9%. The increase in interest expense was primarily due to an increase in market interest rates on deposit accounts at the Bank, as well as a change in the deposit mix. In addition, a decrease in non-interest bearing demand balances and an increase in interest-bearing deposit balances contributed to the increase in interest expense during the 2024 fiscal year.

Comparative Average Balances, Yields and Rates

The following table 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 years ended December 31, 2024 and 2023. Interest rate spread is the difference between the average yield earned on interest-earning assets and the average rate paid on interest-bearing liabilities. Net interest margin is net interest income divided by average earning assets. All average balances are daily average balances. Non-accrual loans were included in the computation of average balances and have been reflected in the table as loans carrying a zero yield. The yields set forth below include the effect of deferred fees, discounts and premiums that are amortized or accreted to interest income or expense.

For the Years Ended December 31,

	2024			2023		
	Average Balance	Interest Income/ Expense	Yield/ Cost	Average Balance	Interest Income/ Expense	Yield/ Cost
(Dollars in thousands)						
Assets						
Loans (1) (2)	\$ 1,810,931	\$ 117,834	6.51 %	\$ 1,782,055	\$ 106,061	5.95 %
Investment securities	23,679	1,042	4.40 %	25,168	1,048	4.16 %
Deposits with banks	124,037	6,237	5.03 %	114,880	5,595	4.87 %
Total interest-earning assets	1,958,647	\$ 125,113	6.39 %	1,922,103	\$ 112,704	5.86 %
Non-interest earning assets	65,939			78,253		
Allowance for credit losses	(32,321)			(31,965)		
Total assets	\$ 1,992,265			\$ 1,968,391		
Liabilities and Equity						
Interest bearing deposits						
NOWs	\$ 63,871	\$ 618	0.97 %	\$ 86,932	\$ 1,377	1.58 %
Money markets	583,158	27,812	4.77 %	403,292	17,120	4.25 %
Savings	66,369	750	1.13 %	127,442	1,486	1.17 %
Time deposits	442,664	19,099	4.31 %	498,089	15,232	3.06 %
Brokered certificates of deposit	170,454	9,033	5.30 %	121,702	6,044	4.97 %
Total interest-bearing deposits	1,326,516	57,312	4.32 %	1,237,457	41,259	3.33 %
Borrowings	165,753	9,093	5.49 %	170,093	7,231	4.25 %
Total interest-bearing liabilities	1,492,269	\$ 66,405	4.45 %	1,407,550	\$ 48,490	3.44 %
Non-interest bearing deposits	187,588			265,148		
Other liabilities	18,261			16,802		
Total liabilities	1,698,118			1,689,500		
Equity	294,147			278,891		
Total liabilities and equity	\$ 1,992,265			\$ 1,968,391		
Net interest income		\$ 58,708			\$ 64,214	
Interest rate spread			1.94 %			2.42 %
Net interest margin			3.00 %			3.34 %

(1) Interest income includes \$3.6 million and \$3.8 million of net fee income for the years ended 2024 and 2023, respectively.

(2) Average balances are net of unearned income and include nonperforming loans.

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. We expect net interest income and our net interest margin to fluctuate based on changes in interest rates and changes in the amount and composition of our interest-earning assets and interest-bearing liabilities.

Rate/Volume Analysis

For each category of interest-earning assets and interest-bearing liabilities, information is provided on changes attributable to (i) changes in volume (*i.e.*, changes in volume multiplied by the previous rate) and (ii) changes in rate (*i.e.*, changes in rate multiplied by old volume). For purposes of this table, changes attributable to both rate and volume, which cannot be segregated, have been allocated proportionately to the change due to volume and the change due to rate.

Years ended December 31,			
2024 vs 2023			
Variance due to change in			
	Average Volume	Average Rate	Net Increase/ (Decrease)
(Dollars in thousands)			
Interest Income:			
Loans (net of deferred costs/fees)	\$ 1,719	\$ 10,054	\$ 11,773
Investment securities	(62)	56	(6)
Deposits with banks	446	196	642
Total interest income	2,103	10,306	12,409
Interest Expense:			
NOWs	(365)	(394)	(759)
Money markets	7,635	3,056	10,691
Savings	(712)	(24)	(736)
Time deposits	(1,695)	5,562	3,867
Brokered CDs	2,421	568	2,989
Borrowed funds	(185)	2,048	1,863
Total interest expense	7,099	10,816	17,915
Net interest income	\$ (4,996)	\$ (510)	\$ (5,506)

Provision for credit losses

Our provision for credit losses in each period is driven by net charge-offs and changes to the allowance for credit losses. We recorded a provision for credit losses of \$0.7 million and a recovery for credit losses of \$2.1 million in 2024 and 2023, respectively. The provision (recovery) for credit losses as a percentage of interest income was 0.58% and 1.82% in 2024 and 2023, respectively.

Our provision for credit losses increased by \$2.8 million in 2024 compared to 2023 primarily as a result of an increase in outstanding loan balances, partially offset by a decrease in loss rates. Additionally, the provision for unfunded commitments contributed to \$369.0 thousand of the increase. For more information about our provision and allowance for credit losses and our loss experience, see “Risk Management and Asset Quality-Allowance for Credit Losses” and [NOTE 4. Loans and Allowance for Credit Losses](#) in the Notes to the Consolidated Financial Statements.

Non-interest Income

The table below shows the components of non-interest income for the years ended December 31, 2024 and 2023.

	2024	2023	\$ Change	% Change
	(Dollars in thousands)			
Service fees on deposit accounts	\$ 1,387	\$ 3,872	\$ (2,485)	(64.2)%
Other Loan fees	849	851	(2)	(0.2)%
Bank owned life insurance income	655	737	(82)	(11.1)%
Gain on sale of SBA loans	23	—	23	100.0 %
Gain on sale and valuation adjustments of OREO	—	38	(38)	(100.0)%
Other	1,387	1,194	193	16.2 %
Total non-interest income	<u>\$ 4,301</u>	<u>\$ 6,692</u>	<u>\$ (2,391)</u>	<u>(35.7)%</u>

Non-interest income decreased by \$2.4 million to \$4.3 million during the year ended December 31, 2024 compared to 2023, primarily due to a decrease in fee income related to cannabis related business deposit fees and other loan fees.

The fee income for the year ended December 31, 2024 from the commercial deposit accounts of depositors who do business in the cannabis industry totaled \$1.1 million and is included in service fees on deposit accounts in the accompanying consolidated statements of income. Such deposit fee income totaled \$3.4 million during the year ended December 31, 2023. Please refer to [Note 15. Commitments and Contingencies](#) in the Notes to the Consolidated Financial Statements for our banking services to customers who do business in the cannabis industry.

Non-Interest Expense

The following table displays the components of non-interest expense for 2024 and 2023.

	2024	2023	\$ Change	% Change
	(Dollars in thousands)			
Compensation and benefits	\$ 12,768	\$ 12,340	\$ 428	3.5 %
Professional services	2,730	2,328	402	17.3 %
Occupancy and equipment	2,598	2,604	(6)	(0.2)%
Data processing	1,366	1,385	(19)	(1.4)%
FDIC insurance and other assessments	1,306	1,292	14	1.1 %
OREO expense	835	839	(4)	(0.5)%
Other operating expense	4,381	14,479	(10,098)	(69.7)%
Total non-interest expense	<u>\$ 25,984</u>	<u>\$ 35,267</u>	<u>\$ (9,283)</u>	<u>(26.3)%</u>

Non-interest expense decreased \$9.3 million to \$26.0 million for the year ended December 31, 2024, from \$35.3 million for 2023 primarily due to a decrease in other operating expense of \$10.1 million, partially offset by an increase in compensation and benefits of \$0.4 million, and an increase in professional services of \$0.4 million. The decrease in other operating expense was primarily driven from the recognition of a one-time contingent loss during 2023 of \$9.5 million. The increase in compensation and benefits during the year ended December 31, 2024, was primarily due to a \$0.4 million increase in salaries, and a \$0.2 million decrease in deferred loan origination costs attributable to a reduction in the number of loans originated, partially offset by a \$0.2 million decrease in SERP expense. The increase in professional fees of \$0.4 million was primarily due to a \$0.7 million increase in consulting fees attributed to our Bank Secrecy Act compliance, partially offset by a decrease of \$0.3 million decrease in legal expense.

Income Tax

Income tax expense decreased \$0.4 million to \$8.8 million on income before taxes of \$36.3 million for 2024, compared to income tax expense of \$9.2 million on income before taxes of \$37.7 million for 2023. The effective income tax rates for 2024 and 2023 were 24.2% and 24.5%, respectively.

Financial Condition

General

At December 31, 2024, the Company's total assets were \$2.14 billion, an increase of \$118.7 million or 5.9%, from December 31, 2023. The increase in total assets was primarily attributable to an increase in cash and cash equivalents and total loans outstanding. Cash and cash equivalents increased \$41.2 million, to \$221.5 million at December 31, 2024. Total loans outstanding increased \$80.8 million at December 31, 2024, primarily due to an increase in residential multi-family loans of \$71.4 million, and commercial owner-occupied loans of \$18.7 million, partially offset by a decrease in construction loans of \$8.2 million.

Total liabilities were \$1.84 billion at December 31, 2024. This represented a \$103.0 million, or 5.9%, increase from \$1.74 billion at December 31, 2023. The increase in total liabilities was primarily due to an increase in deposits. Total deposits increased \$78.2 million, or 5.0%, to \$1.63 billion at December 31, 2024, from \$1.55 billion at December 31, 2023. Deposits from the cannabis industries increased to \$151.9 million at December 31, 2024, from \$96.7 million at December 31, 2023. Total borrowings were \$188.3 million at December 31, 2024, an increase of \$20.2 million, compared to December 31, 2023, primarily due to an increase in FHLB advances of \$20.0 million.

Total equity was \$300.1 million and \$284.3 million at December 31, 2024 and December 31, 2023, respectively, an increase of \$15.8 million from December 31, 2023.

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

	December 31, 2024	December 31, 2023	\$ Change	% Change
	(Dollars in thousands)			
Cash and cash equivalents	\$ 221,527	\$ 180,376	\$ 41,151	22.8 %
Investment securities	14,760	16,387	(1,627)	(9.9)%
Loans, net of unearned income	1,868,153	1,787,340	80,813	4.5 %
Allowance for credit losses	(32,573)	(31,845)	(728)	2.3 %
Total assets	2,142,236	2,023,500	118,736	5.9 %
Total deposits	1,631,050	1,552,827	78,223	5.0 %
FHLB NY borrowings	145,000	125,000	20,000	16.0 %
Subordinated debt	43,300	43,111	189	0.4 %
Total liabilities	1,842,163	1,739,183	102,980	5.9 %
Total equity	300,073	284,317	15,756	5.5 %
Total liabilities and equity	2,142,236	2,023,500	118,736	5.9 %

Cash and cash equivalents

Cash and cash equivalents increased \$41.2 million to \$221.5 million at December 31, 2024, from \$180.4 million at December 31, 2023, an increase of 22.8%. The increase was mainly due to an increase in deposits and borrowings, partially offset by an increase in loans.

Investment securities

Total investment securities decreased to \$14.8 million at December 31, 2024, from \$16.4 million at December 31, 2023, a decrease of \$1.6 million or 9.9%. The decrease was primarily due to pay downs of \$1.8 million, partially offset by a \$0.1 million valuation increase.

Loans, net unearned income

Loans receivable increased to \$1.87 billion at December 31, 2024, from \$1.79 billion at December 31, 2023. The increase was primarily due to an increase in residential multi-family loans of \$71.4 million, and commercial owner-occupied loans of \$18.7 million, partially offset by a decrease in construction loans of \$8.2 million.

Allowance for credit losses

Allowance for credit losses increased \$0.4 million, to \$32.6 million, or 1.38%, at December 31, 2024, from \$32.1 million at December 31, 2023. The increase was primarily due to an increase in the portfolio balance, partially offset by a decrease in historical loss rates.

Deposits

At December 31, 2024, the Bank's total deposits increased to \$1.63 billion from \$1.55 billion at December 31, 2023, an increase of \$78.2 million, or 5.0%. The increase in deposits was primarily attributed to an increase in time deposits of \$108.1 million, and money market deposits of \$48.4 million, partially offset by a decrease in non-interest bearing demand deposits of \$48.2 million, and savings deposits of \$27.6 million. Deposits from the cannabis businesses increased to \$151.9 million at December 31, 2024, from \$96.7 million at December 31, 2023, an increase of \$55.2 million.

Borrowings

At December 31, 2024, total borrowings increased \$20.2 million to \$188.3 million at December 31, 2024, from \$168.1 million at December 31, 2023. The increase in borrowings was primarily due to an increase in FHLB NY advances of \$20.0 million.

Equity

Total shareholders' equity increased to \$300.1 million at December 31, 2024, from \$284.3 million at December 31, 2023, an increase of \$15.8 million or 5.5%. The increase in total shareholders' equity was primarily due to the retention of earnings from the period, partially offset by the recognition of \$8.6 million of cash dividend, and repurchases of shares of the Company's common stock in the amount of \$4.3 million during the year ended December 31, 2024.

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 December 31, 2024, our cash position was \$221.5 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 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 December 31, 2024, the Company has \$13.5 million of brokered deposits from IntraFi. Additionally, we have access to other brokered deposit funding sources that we utilize as a source of additional liquidity. In addition to IntraFi, we utilize Wells Fargo, Piper Sandler, and Stonecastle to obtain brokered deposits, and as of December 31, 2024, the Company had \$202.2 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 and the Federal Reserve Bank ("FRB"). During 2024, the Company reallocated a portion of its eligible collateral from the FHLBNY to the FRB discount window in order to diversify its borrowing capabilities. At December 31, 2024, the Company had a \$740.5 million line of credit from the FHLBNY, of which \$145.0 million was outstanding, \$50.0 million was a letter of credit to secure public deposits, and \$545.5 million was unused. As of December 31, 2024, the Company had a borrowing capacity through the FRB discount window of \$252.0 million. There were no outstanding balances with the FRB as of December 31, 2024.

Our investment portfolio primarily consists of mortgage-backed available for sale securities issued by US government agency and government sponsored entities. These available for sale securities are readily marketable and are available to meet our additional liquidity needs. At December 31, 2024, the Company's investment securities portfolio classified as available for sale was \$5.6 million.

We had unused loan commitments of \$122.5 million at December 31, 2024. Our loan commitments are normally originated with the full amount of collateral. Such commitments have historically been drawn at only a fraction of the total commitment. 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.

Capital Adequacy

Consistent with the goal to operate a sound and profitable financial organization, the Company and Bank actively seeks to maintain their status as well-capitalized in accordance with regulatory standards. As of December 31, 2024, the Company and the Bank exceeded all applicable regulatory capital requirements. See Note 13 to our Consolidated Financial Statements for more information about the Company's and the Bank's regulatory capital compliance.

Interest Rate Sensitivity

Interest rate sensitivity is an important factor in the management of the composition and maturity configurations of earning assets and funding sources. The primary objective of asset/liability management is to ensure the steady growth of our primary earnings component, net interest income. Net interest income can fluctuate with significant interest rate movements. To lessen the impact of interest rate movements, management endeavors to structure the balance sheet so that repricing opportunities exist for both assets and liabilities in roughly equivalent amounts at approximately the same time intervals. Imbalances in these repricing opportunities at any point in time constitute interest rate sensitivity.

The measurement of our interest rate sensitivity, or "gap," is one of the principal techniques used in asset/liability management. Interest sensitive gap is the dollar difference between assets and liabilities that are subject to interest-rate pricing within a given time period, including both floating rate or adjustable rate instruments and instruments that are approaching maturity.

Our management and the Board of Directors oversee the asset/liability management function through the asset/liability committee of the Board that meets periodically to monitor and manage the balance sheet, control interest rate exposure, and evaluate our pricing strategies. The asset mix of the balance sheet is continually evaluated in terms of several variables: yield, credit quality, appropriate funding sources and liquidity. Management of the liability mix of the balance sheet focuses on expanding the various funding sources.

In theory, interest rate risk can be diminished by maintaining a nominal level of interest rate sensitivity. In practice, this is made difficult by a number of factors, including cyclical variation in loan demand, different impacts on interest-sensitive assets and liabilities when interest rates change, and the availability of funding sources. Accordingly, we undertake to manage the interest-rate sensitivity gap by adjusting the maturity of and establishing rates on the earning asset portfolio and certain interest-bearing liabilities commensurate with management's expectations relative to market interest rates. Management generally attempts to maintain a balance between rate-sensitive assets and liabilities as the exposure period is lengthened to minimize our overall interest rate risk.

The interest rate sensitivity position as of December 31, 2024 is presented in the following table. Assets and liabilities are scheduled based on maturity or re-pricing data except for mortgage loans and mortgage-backed securities, which are based on prevailing prepayment assumptions and expected maturities and deposits which are based on recent retention experience of core deposits. The difference between rate-sensitive assets and rate-sensitive liabilities, or the interest rate sensitivity gap, is shown at the bottom of the table.

As of December 31, 2024						
	3 Months or Less	Over 3 Months Through 12 Months	Over 1 Year Through 3 Years	Over 3 Years Through 5 Years	Over 5 Years	Total
(Dollars in thousands)						
Interest-earning assets:						
Loans ⁽¹⁾	\$ 283,271	\$ 446,949	\$ 785,851	\$ 212,231	\$ 49,112	\$ 1,777,414
Investment securities	8,127	1,442	3,676	4,049	7,272	24,566
Cash and cash equivalents	167,659	—	—	—	—	167,659
Total interest-earning assets	\$ 459,057	\$ 448,391	\$ 789,527	\$ 216,280	\$ 56,384	\$ 1,969,639
Interest-bearing liabilities:						
NOW, Saving and Money market deposits	\$ 33,543	\$ 100,627	\$ 345,578	\$ 203,450	\$ 30,370	\$ 713,568
Retail time deposits	153,882	257,720	35,947	2,937	—	450,486
Brokered time deposits	106,692	49,150	742	—	—	156,584
Borrowed funds	43,403	—	95,000	—	30,000	168,403
Total interest-bearing liabilities	\$ 337,520	\$ 407,497	\$ 477,267	\$ 206,387	\$ 60,370	\$ 1,489,041
Interest rate sensitive gap	\$ 121,537	\$ 40,894	\$ 312,260	\$ 9,893	\$ (3,986)	\$ 480,598
Cumulative interest rate gap	\$ 121,537	\$ 162,431	\$ 474,691	\$ 484,584	\$ 480,598	\$ —
Ratio of rate-sensitive assets to rate-sensitive liabilities	136.0 %	110.0 %	165.4 %	104.8 %	93.4 %	132.3 %
Cumulative interest sensitivity gap to total assets	5.7 %	7.6 %	22.2 %	22.6 %	22.4 %	—

(1) Loan balances exclude non-accruing loans, deferred fees and costs, and loan discounts.

Off-Balance Sheet Arrangements and Contractual Obligations

In the ordinary course of business, we engage in financial transactions that are not recorded on the balance sheet, or may be recorded on the balance sheet in amounts that are different from the full contract or notional amount of the transaction. Our off-balance sheet arrangements include commitments to extend credit, standby letters of credit and other commitments. These transactions are primarily designed to meet the financial needs of our customers.

We enter into commitments to lend funds to customers, which are usually at a stated interest rate, if funded, and for specific purposes and time periods. When we make commitments, we are exposed to credit risk. However, the maximum credit risk for

these commitments will generally be lower than the contractual amount because a significant portion of these commitments is expected to expire without being used by the customer. In addition, we manage the potential risk in commitments to lend by limiting the total amount of commitments, by monitoring maturity structure of these commitments and by applying the same credit standards for these commitments as for all of our credit activities.

For commitments to lend, we generally require collateral or a guarantee. We may require various types of collateral, including accounts receivable, inventory, property, plant and equipment and income-producing commercial properties. Collateral requirements for each loan or commitment may vary based on the commitment type and our assessment of a customer's credit risk according to the specific credit underwriting, including credit terms and structure.

Commitments to extend credit, or net unfunded loan commitments, represent arrangements to lend funds or provide liquidity subject to specified contractual conditions. These commitments generally have fixed expiration dates, may require payment of a fee, and contain termination clauses in the event the customer's credit quality deteriorates. At December 31, 2024 and December 31, 2023, unused commitments to extend credit amounted to approximately \$122.5 million and \$93.8 million, respectively. Commitments to fund fixed-rate loans were immaterial at December 31, 2024. Variable-rate commitments are generally issued for less than one year and carry market rates of interest. Such instruments are not likely to be affected by annual rate caps triggered by rising interest rates. Management believes that off-balance sheet risk is not material to the results of operations or financial condition of the Company.

Standby letters of credit are conditional commitments issued by the Bank 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. At December 31, 2024 and December 31, 2023, standby letters of credit with customers were \$0.6 million and \$1.5 million, respectively.

At December 31, 2024, we had contractual obligations primarily relating to commitments to extend credits, deposits, secured and unsecured borrowings, and operating leases. We have adequate resources to fund all unfunded commitments to the extent required and meet all contractual obligations as they come due. Please refer to Notes 6, 7, 9, and 15 of the Notes to the Consolidated Financial Statements for detailed information regarding our contractual obligations.

Impact of Inflation and Changing Prices

The financial statements included in this document have been prepared in accordance with accounting principles generally accepted in the United States of America. These principles require the measurement of financial position and operating results in terms of historical dollars, without considering changes in the relative purchasing power of money over time due to inflation.

Our primary assets and liabilities are monetary in nature. As a result, interest rates have a more significant impact on our performance than the effects of general levels of inflation. Interest rates, however, do not necessarily move in the same direction or with the same magnitude as the price of goods and services, since such prices are affected by inflation. In a period of rapidly rising interest rates, the liquidity and maturities of our assets and liabilities are critical to the maintenance of acceptable performance levels.

The principal effect of inflation on earnings, as distinct from levels of interest rates, is in the area of non-interest expense. Expense items such as employee compensation, employee benefits and occupancy and equipment costs may be subject to increases as a result of inflation. An additional effect of inflation is the possible increase in the dollar value of the collateral securing loans that we have made. We are unable to determine the extent, if any, to which properties securing our loans have appreciated in dollar value due to inflation.

Critical Accounting Policies

The Company's accounting policies are more fully described in Note 1 - Description of Business and Summary of Significant Accounting Policies in the Consolidated Financial Statements. As disclosed in Note 1, the preparation of financial statements in conformity with generally accepted accounting principles in the United States ("GAAP") 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. Refer to [Note 1 in the Notes to the Consolidated Financial Statements](#) for further information.

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. One key assumption in the vintage model is the underlying prepayment speeds, which is derived by the average loan life within the various pools. To provide a sensitivity of the impact to the ACL estimate, management adjusted the average lives of the vintage pools, by both increasing and decreasing the prepayment speeds by 20%, which provided an estimated range of impact between \$0.9 million for a lower prepayment speed and \$(1.2) million for a higher prepayment speed. This range was deemed immaterial to the overall ACL reserve balance.

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 7A. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable

Item 8. Financial Statements and Supplementary Data.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Parke Bancorp, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Parke Bancorp, Inc. and subsidiaries (the “Company”) as of December 31, 2024 and 2023; the related consolidated statements of income, comprehensive income, equity, and cash flows for the years then ended; and the related notes to the consolidated financial statements (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013, and our report dated March 12, 2025, expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent, with respect to the Company, in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the Audit Committee and that: (1) relate to accounts or disclosures that are material to the financial statements; and (2) involve our especially challenging, subjective, or complex judgments.

The communication of critical audit matters does not alter, in any way, our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Allowance for Credit Losses (ACL) – Qualitative Adjustments

Description of the Matter

The Company's loan portfolio totaled \$1.9 billion as of December 31, 2024, and the associated ACL was \$32.6 million. As discussed in Notes 1 and 4 to the financial statements, the calculation of the ACL requires significant judgment about the expected future losses, which is based on a base loss projection determined through a historical vintage loss rate analysis, which is then adjusted for current qualitative conditions and reasonable and supportable forecasts. Management applies these qualitative adjustments to the base loss projection to reflect changes in the current and forecasted environment, both internal and external, that are different from the conditions that existed during the historical loss calculation period. The qualitative adjustments include analysis of items related to economic conditions, credit quality indicators within the loan portfolio, and other internal and external factors.

We identified these qualitative adjustments within the ACL as critical audit matters because they involve a high degree of subjectivity. While the determination of these qualitative adjustments includes analysis of observable data over the historical loss period, the judgments required to assess the directionality and magnitude of adjustments is highly subjective. Auditing these complex judgments and assumptions involved especially challenging auditor judgment due to the nature of audit evidence and the nature and extent of effort required to address these matters.

How We Addressed the Matter in Our Audit

The primary procedures we performed to address this critical audit matter included:

- Testing the design, implementation, and operating effectiveness of internal controls over the calculation of the allowance for credit losses, including the qualitative factor adjustments.
- Testing the completeness and accuracy of the significant data points that management uses in their evaluation of the qualitative adjustments.
- Testing the anchoring calculation that management completes to properly align the magnitude of the adjustments with the Company's historical loss data.
- Evaluating the directional consistency and reasonableness of management's conclusions regarding basis points applied (whether positive or negative) based on the trends identified in the underlying data.
- Testing the mathematical accuracy of the application of the qualitative adjustments to the loan segments within the ACL calculation.

We have served as the Company's auditor since 2022.

/s/ S.R. Snodgrass, P.C.

Cranberry Township, Pennsylvania
March 12, 2025

Parke Bancorp, Inc. and Subsidiaries
Consolidated Balance Sheets
December 31, 2024 and 2023
(Dollars in thousands except per share data)

	December 31, 2024	December 31, 2023
Assets		
Cash and due from banks	\$ 4,624	\$ 12,716
Interest earning deposits with banks	216,903	167,660
Cash and cash equivalents	221,527	180,376
Investment securities available for sale, at fair value	5,551	7,095
Investment securities held to maturity, net of allowance for credit losses of \$0 at December 31, 2024 and 2023 (fair value of \$7,492 at December 31, 2024 and \$7,892 at December 31, 2023)	9,209	9,292
Total investment securities	14,760	16,387
Loans, net of unearned income	1,868,153	1,787,340
Less: Allowance for credit losses	(32,573)	(32,131)
Net loans	1,835,580	1,755,209
Accrued interest receivable	9,659	8,555
Premises and equipment, net	5,316	5,579
Restricted stock	8,619	7,636
Bank owned life insurance (BOLI)	29,070	28,415
Deferred tax asset	9,113	9,262
Other real estate owned (OREO)	1,562	1,550
Other assets	7,030	10,531
Total Assets	<u>\$ 2,142,236</u>	<u>\$ 2,023,500</u>
Liabilities and Shareholders' Equity		
Liabilities		
Deposits		
Noninterest-bearing deposits	\$ 184,037	\$ 232,189
Interest-bearing deposits	1,447,013	1,320,638
Total deposits	1,631,050	1,552,827
FHLBNY borrowings	145,000	125,000
Subordinated debentures	43,300	43,111
Accrued interest payable	7,968	4,146
Accrued expenses and other liabilities	14,845	14,099
Total liabilities	<u>1,842,163</u>	<u>1,739,183</u>
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 December 31, 2024 and 2023, respectively	325	375
Common stock, \$0.10 par value; authorized 15,000,000 shares; Issued: 12,313,489 shares and 12,240,821 shares at December 31, 2024 and 2023, respectively	1,231	1,224
Additional paid-in capital	137,784	136,700
Retained earnings	168,347	149,437
Accumulated other comprehensive loss	(337)	(404)
Treasury stock, 484,522 shares and 284,522 shares at December 31, 2024 and 2023, respectively, at cost	(7,277)	(3,015)
Total shareholders' equity	<u>300,073</u>	<u>284,317</u>
Total liabilities and shareholders' equity	<u>\$ 2,142,236</u>	<u>\$ 2,023,500</u>

See accompanying notes to consolidated financial statements

Parke Bancorp, Inc. and Subsidiaries
Consolidated Statements of Income
Years Ended December 31, 2024 and 2023
(Dollars in thousands except per share data)

	December 31, 2024	December 31, 2023
Interest income:		
Interest and fees on loans	\$ 117,834	\$ 106,061
Interest and dividends on investments	1,042	1,048
Interest on deposits with banks	6,237	5,595
Total interest income	125,113	112,704
Interest expense:		
Interest on deposits	57,312	41,259
Interest on borrowings	9,093	7,231
Total interest expense	66,405	48,490
Net interest income	58,708	64,214
Provision for (recovery of) credit losses	728	(2,051)
Net interest income after provision for (recovery of) credit losses	57,980	66,265
Non-interest income		
Service fees on deposit accounts	1,387	3,872
Other loan fees	849	851
Bank owned life insurance income	655	737
Gain on sale of SBA loans	23	—
Net gain on OREO	—	38
Other	1,387	1,194
Total non-interest income	4,301	6,692
Non-interest expense		
Compensation and benefits	12,768	12,340
Professional services	2,730	2,328
Occupancy and equipment	2,598	2,604
Data processing	1,366	1,385
FDIC insurance and other assessments	1,306	1,292
OREO expense	835	839
Other operating expense	4,381	14,479
Total non-interest expense	25,984	35,267
Income before income tax expense	36,297	37,690
Income tax expense	8,785	9,228
Net income attributable to Company	27,512	28,462
Less: Preferred stock dividend	(20)	(26)
Net income available to common shareholders	\$ 27,492	\$ 28,436
Earnings per common share		
Basic	\$ 2.30	\$ 2.38
Diluted	\$ 2.27	\$ 2.35
Weighted average common shares outstanding		
Basic	11,954,483	11,945,740
Diluted	12,139,451	12,137,052

See accompanying notes to consolidated financial statements

Parke Bancorp, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2024 and 2023

	For the Year ended December 31,	
	2024	2023
	(Dollars in thousands)	
Net income	\$ 27,512	\$ 28,462
Unrealized gains on investment securities, net of reclassification into income:		
Unrealized gains on available for sale securities	90	165
Tax impact on unrealized gain	(23)	(43)
Total other comprehensive gain	67	122
Comprehensive income attributable to the Company	<u>\$ 27,579</u>	<u>\$ 28,584</u>

See accompanying notes to consolidated financial statements

Parke Bancorp, Inc. and Subsidiaries
Consolidated Statements of Equity
Years Ended December 31, 2024 and 2023
(Dollars in thousands except share data)

	Shares of Preferred Stock Outstanding	Preferred Stock	Shares of Common Stock issued	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Equity
Balance, December 31, 2022	445	\$ 445	12,225,097	\$ 1,223	\$ 136,201	\$ 131,706	\$ (526)	\$ (3,015)	\$ 266,034
Cumulative effect of adoption of ASU 2016-13	—	—	—	—	—	(2,102)	—	—	(2,102)
Net income	—	—	—	—	—	28,462	—	—	28,462
Stock compensation issued/exercised	—	—	6,096	—	33	—	—	—	33
Preferred stock shares conversion	(70)	(70)	9,628	1	69	—	—	—	—
Other comprehensive gain	—	—	—	—	—	—	122	—	122
Stock compensation expense	—	—	—	—	397	—	—	—	397
Dividend on preferred stock (\$60.00 per share)	—	—	—	—	—	(26)	—	—	(26)
Dividend on common stock (\$0.72 per share)	—	—	—	—	—	(8,603)	—	—	(8,603)
Balance, December 31, 2023	375	\$ 375	12,240,821	\$ 1,224	\$ 136,700	\$ 149,437	\$ (404)	\$ (3,015)	\$ 284,317
Net income	—	—	—	—	—	27,512	—	—	27,512
Stock compensation issued/exercised	—	—	65,791	7	699	—	—	—	706
Preferred stock shares conversion	(50)	(50)	6,877	—	49	—	—	—	(1)
Treasury stock purchase (200,000 shares)	—	—	—	—	—	—	—	(4,262)	(4,262)
Other comprehensive gain	—	—	—	—	—	—	67	—	67
Stock compensation expense	—	—	—	—	336	—	—	—	336
Dividend on preferred stock (\$60.00 per share)	—	—	—	—	—	(20)	—	—	(20)
Dividend on common stock (\$0.72 per share)	—	—	—	—	—	(8,582)	—	—	(8,582)
Balance, December 31, 2024	325	\$ 325	12,313,489	\$ 1,231	\$ 137,784	\$ 168,347	\$ (337)	\$ (7,277)	\$ 300,073

See accompanying notes to consolidated financial statements

Parke Bancorp, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2024 and 2023
(Dollars in thousands)

	2024	2023
Cash Flows from Operating Activities		
Net income	\$ 27,512	\$ 28,462
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	571	464
Provision for (recovery of) credit losses	728	(2,051)
Increase in value of bank-owned life insurance	(655)	(736)
Gain on sale of SBA loans	(23)	—
SBA loans originated for sale	(300)	—
Proceeds from sale of SBA loans originated for sale	323	—
Net gain on OREO	—	(38)
Net accretion of purchase premiums and discounts on securities	(45)	(37)
Stock based compensation	336	397
Decrease in deferred income tax	126	595
Net changes in:		
Decrease (increase) in accrued interest receivable and other assets	2,385	(4,955)
Increase in accrued interest payable and other accrued liabilities	4,200	917
Net cash provided by operating activities	35,158	23,018
Cash Flows from Investing Activities		
Repayments and maturities of investment securities available for sale	1,614	2,412
Repayments and maturities of investment securities held to maturity	148	147
Net increase in loans	(80,731)	(35,986)
(Purchases) sales of bank premises and equipment	(119)	105
Proceeds from sale of OREO, net	—	161
Proceeds from bank owned life insurance policy	—	466
Redemptions of restricted stock	7,213	10,819
Purchases of restricted stock	(8,196)	(13,016)
Net cash used in investing activities	(80,071)	(34,892)
Cash Flows from Financing Activities		
Cash dividends	(8,602)	(8,629)
Proceeds from exercise of stock options	706	33
Treasury stock purchase	(4,262)	—
Conversion of Series B preferred stock	(1)	—
Increase (decrease) in FHLBNY short-term borrowings	95,000	(53,150)
(Decrease) increase in FHLBNY long-term borrowings	(75,000)	95,000
Net decrease in noninterest-bearing deposits	(48,152)	(120,357)
Net increase in interest-bearing deposits	126,375	97,203
Net cash provided by financing activities	86,064	10,100
Increase (decrease) in cash and cash equivalents	41,151	(1,774)
Cash and Cash Equivalents, January 1,	180,376	182,150
Cash and Cash Equivalents, December 31,	\$ 221,527	\$ 180,376
Supplemental Disclosure of Cash Flow Information:		
Interest paid	\$ 62,583	\$ 47,008
Income taxes paid	\$ 4,542	\$ 14,677
Non-cash Investing and Financing Items		
Loans transferred to OREO	\$ —	\$ 123
Accrued dividends payable	\$ 2,141	\$ 2,158

See accompanying notes to consolidated financial statements

Note 1. Description of Business and Summary of Significant Accounting Policies

Business:

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 seven branch offices with its principal office at 601 Delsea Drive, Sewell, New Jersey, and additional branch office locations; 631 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.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with GAAP. We have reclassified certain prior year amounts to conform to the 2024 presentation, which did not have a material impact on our consolidated financial condition or results of operations. The accounting policies that materially affect the determination of financial position, results of operations and cash flows are summarized below.

Principles of Consolidation: The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Parke Bank. Parke Capital Trust I, Parke Capital Trust II and Parke Capital Trust III are wholly-owned subsidiaries but are not consolidated because they do not meet the requirements for consolidation under applicable accounting guidance. All material inter-company balances and transactions have been eliminated.

Cash and cash equivalents: Consists of cash and due from banks, and interest-bearing deposits and other-short term investments, all of which, if applicable, have stated maturities of three months or less when acquired.

Investment Securities: Debt securities are recorded on a trade-date basis. We classify debt securities as held to maturity if we have the positive intent and ability to hold the securities to maturity. We report securities held to maturity on our consolidated balance sheets at carrying value, which generally equals amortized cost. Amortized cost reflects historical cost adjusted for amortization of premiums, accretion of discounts and any previously recorded impairments. Debt securities not classified as held to maturity or trading are designated as securities available for sale ("AFS") and carried at fair value with unrealized gains and losses, net of income taxes, reflected in accumulated other comprehensive income (loss). We did not have any securities classified as trading securities during 2024 or 2023.

Interest on debt securities, including amortization of premiums and accretion of discounts, is included in interest income. Premiums and discounts are amortized or accreted to interest income at a constant effective yield over the contractual lives of the securities. Realized gains and losses from the sales of debt securities are determined on a specific security basis. These securities gains/(losses) are included in other noninterest income.

Restricted Stock: Restricted stock includes investments in the common stock of the FHLBNY and the Atlantic Central Bankers Bank for which no readily available market exists and, accordingly, is carried at cost. The stocks have no quoted market value and are subject to redemption restrictions. Management reviews these stocks for credit loss based on the ultimate recoverability of the cost basis in the stock. The stocks' values are determined by the ultimate recoverability of the par value rather than by recognizing temporary declines. Management considers such criteria as the significance of the decline in net assets, if any, the length of time this situation has persisted and the financial performance of the issuers. In addition, management considers any commitments by the FHLBNY to make payments required by law or regulation, the impact of legislative and regulatory changes on the customer base of the FHLBNY and the liquidity position of the FHLBNY.

Loans: We classify loans as held for investment or held for sale based on our investment strategy and management's intent and ability with regard to the loans which may change over time. The accounting and measurement framework for loans differs depending on the loan classification. Loans that we have the ability and intent to hold for the foreseeable future or until maturity or pay-off are classified as held for investment. Loans classified as held for investment are reported at their amortized cost, which is the outstanding principal balance, adjusted for any unearned income, unamortized deferred fees and costs, unamortized premiums and discounts and charge-offs. Interest income on the loans is recognized as earned based on contractual interest rates

applied to daily principal amounts outstanding. Loan origination fees, direct loan origination costs, and loan premiums and discounts are deferred and accreted or amortized into net interest income using the constant effective yield method, over the contractual life of the loan.

Loans originated with the intent to sell or for which we do not have the ability and intent to hold for the foreseeable future are classified as held for sale. Interest on these loans is recognized on an accrual basis. These loans are recorded at the lower of cost or fair value. Our Small Business Administration ("SBA") loans that management has the intention to sell are designated as held for sale and are reported at fair value. Fair value represents the face value of the guaranteed portion of SBA loans pending settlement. Loan origination fees and direct loan origination costs are deferred until the loan is sold and are recognized as part of the total gain or loss on sale. We calculate the gross gain or loss on loan sales as the difference between the proceeds received and the carrying value of the loans sold.

Loan Fees: Loan fees and direct costs associated with loan originations are netted and deferred. The deferred amount is recognized as an adjustment to loan interest over the term of the related loan using the interest method. Prepayment penalties on loans are recognized in loan interest. Loan brokerage fees represent commissions earned for facilitating loans between borrowers and other companies and is recorded as other loan fee income.

Non-accrual Loans: Loans are placed on non-accrual status when, in management's opinion, the borrower may be unable to meet contractual payment obligations as they become due, as well as when a loan is 90 days past due, unless the loan is well secured and in the process of collection, as required by regulatory provisions. Loans may be placed on non-accrual status regardless of whether or not such loans are considered past due. When interest accrual is discontinued, all unpaid accrued interest is reversed. Interest income is subsequently recognized only to the extent cash payments are received in excess of principal due.

Allowance for Credit Losses on Loans and Leases: 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; (vii) national and local economic trends and conditions, and industry conditions; and (viii) the valuation of loan collateral assessed by regional home valuation indexes. 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. Accrued interest receivable, including loan and investment security, at December 31, 2024 and 2023 was \$9.7 million and \$8.6 million, respectively.

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

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

Individually Assessed Loans and Leases: A loan or lease is measured individually if it does not share similar risk characteristics with other financial assets. For Parke, loans and leases which are identified to be individually assessed under the Current Expected Credit Loss ("CECL") model typically are those that are on non-accrual at the reporting date, and include collateral dependent loans.

Collateral Dependent Loans

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

Allowance for Credit Losses on Held to Maturity Securities: Parke measures expected credit losses on held-to-maturity debt securities on a collective basis by security investment grade. The estimate of expected credit losses considers historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts.

The Company classifies the held-to-maturity debt securities into the following major security types: residential mortgage backed, and state and political subdivisions. These securities are highly rated with a history of no credit losses, and are assigned ratings based on the most recent data from ratings agencies depending on the availability of data for the security. Credit ratings of held-to-maturity debt securities, which are a significant input in calculating the expected credit loss, are reviewed on a quarterly basis. Based on the credit ratings of our held-to-maturity securities and our historical experience including no losses, we have determined that an allowance for credit loss on the held-to-maturity portfolio is not required

Accrued interest receivable on held-to-maturity debt securities is excluded from the estimate of credit losses and is included in Accrued interest receivable on the Consolidated Statements of Financial Condition. At December 31, 2024 and 2023, accrued interest receivable on held-to-maturity debt securities was \$12.7 thousand and \$12.9 thousand, respectively.

Allowance for Credit Losses on Available for Sale Securities: For available-for-sale debt securities in an unrealized loss position, the Company first evaluates whether it intends to sell, or it is more likely than not that it will be required to sell the security before recovery of its amortized cost basis. If either criteria is met, the security's amortized cost basis is reduced to fair value and recognized as a reduction to non-interest income in the Consolidated Statements of Income.

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

Accrued interest receivable on available-for-sale securities is excluded from the estimate of credit losses and is included in Accrued interest receivable on the Consolidated Statements of Financial Condition. At December 31, 2024 and 2023, accrued interest receivable on available-for-sale securities was \$13.9 thousand and \$17.5 thousand, respectively.

Charge-Offs: We charge off loans as a reduction to the allowance for credit losses when we determine the loan is uncollectible and record subsequent recoveries of previously charged off amounts as an increase to the allowance for credit losses.

Concentration of Credit Risk: The Company's loans are generally to customers in Southern New Jersey, the Philadelphia area of Pennsylvania, and New York, New York. Loans to general building contractors, general merchandise stores, restaurants, motels, warehouse space, and real estate ventures (including construction loans) constitute a majority of commercial loans. The concentrations of credit by type of loan are set forth in Note 4. Generally, loans are collateralized by assets of the borrower and are expected to be repaid from the borrower's cash flow or proceeds from the sale of selected assets of the borrower.

Other Real Estate Owned ("OREO"): Real estate acquired through foreclosure or other proceedings is carried at the lower of cost or estimated fair value, less estimated costs to sell. When a property is acquired, the excess of the loan balance over the estimated fair value is charged to the allowance for credit losses. Costs of improving OREO are capitalized to the extent that the carrying value does not exceed its fair value less estimated selling costs. Subsequent valuation adjustments, declines, if any, are recognized as a charge against current earnings. Holding costs are charged to expense. Gains and losses on sales are recognized in non-interest income as they occur.

Bank-owned life insurance ("BOLI"): Policies insure the lives of officers and team members of the Company and name the Company as beneficiary. Non-interest income is generated tax free (subject to certain limitations) from the increase in value of the policies' underlying investments made by the insurance company. Cash proceeds received from the settlement of the BOLI policies are generally tax-free and can be used to partially offset costs associated with employee compensation and benefit programs.

Interest Rate Risk: The Company is principally engaged in the business of attracting deposits from the general public and using these deposits, together with other borrowed and brokered funds, to make commercial, commercial mortgage, residential mortgage, and consumer loans, and to invest in overnight and term investment securities. Inherent in such activities is interest rate risk that results from differences in the maturities and repricing characteristics of these assets and liabilities. For this reason, management regularly monitors the level of interest rate risk and the potential impact on net income.

Bank Premises and Equipment: Bank premises and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is computed and charged to expense using the straight-line method over the estimated useful lives of the assets, generally three years for computers and software, five to ten years for equipment and forty years for buildings. Leasehold improvements are amortized to expense over the shorter of the term of the respective lease or the estimated useful life of the improvements.

Lease: Lease classification is determined at inception for all lease transactions with an initial term greater than one year. Operating leases are included as right-of-use ("ROU") assets within other assets, and operating lease liabilities are classified as other liabilities on our consolidated balance sheets. Our operating lease expense is included in occupancy and equipment within non-interest expense in our consolidated statements of income.

Stock-Based Compensation: Stock-based compensation expense is based on the grant date fair value, which is estimated using a Black-Scholes option pricing model. The fair value of stock-based compensation used in determining compensation expense generally equals the fair market value of our common stock on the date of grant. We generally recognize compensation expense on a straight-line basis over the award's requisite service period based on the fair value of the award at grant date. Stock-based compensation expense is included in compensation and benefits in the consolidated statements of income.

Revenue recognition: Our revenue includes net interest income on financial instruments and non-interest income. Interest income and fees on loans, investment securities, and other financial instruments are recognized based on the contractual provisions of the underlying arrangements according to applicable accounting guidance. Deposit-related-fee-based revenue within the scope of ASC Topic 606 - Revenue from Contracts with Customers (Topic 606) is included in non-interest income in our consolidated statements of income.

Our deposit-related-fee-based revenues are recognized when or as those services are transferred to the customer and are generally recognized either immediately upon the completion of our service or over time as we perform services. Any services performed over time generally require that we render services each period and therefore we measure our progress in completing these services based upon the passage of time. Deposit-related fees are recognized over the period in which the related service is provided. Service charges on deposit accounts are earned on depository accounts for customers and include fees for account and overdraft services. Account services include fees for event-driven services and fees for periodic account maintenance activities. Our obligation for event-driven services is satisfied at the time of the event when the service is delivered, while our obligation

for maintenance services is satisfied over the course of each month. Our obligation for overdraft services is satisfied at the time of the overdraft.

Income Taxes: We recognize the current and deferred tax consequences of all transactions that have been recognized in the financial statements using the provisions of the enacted tax laws. Current income tax expense represents our estimated taxes to be paid or refunded for the current period. Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. Thus, at the enactment date, deferred taxes are remeasured and the change is recognized in income tax expense. The recognition of deferred tax assets requires an assessment to determine the realization of such assets. Realization refers to the incremental benefit achieved through the reduction in future taxes payable or refunds receivable. We establish a valuation allowance for tax assets when it is more likely than not that they will not be realized, based upon all available evidence. Realization of deferred tax assets is dependent on generating sufficient taxable income in the future.

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

The Company did not recognize any interest or penalties related to income tax during the years ended December 31, 2024 and 2023, respectively. The Company does not have an accrual for uncertain tax positions as of December 31, 2024 and 2023, as deductions taken and benefits accrued are based on widely understood administrative practices and procedures and are based on clear and unambiguous tax law. All years after 2020 are open under the original federal statute of limitations. For state tax returns, the Company is subject to income tax examinations by local tax authorities for years 2020 and after, except for the State of New Jersey which is still subject to income tax examinations for years 2019 and after.

Fair value: Fair value, also referred to as an exit price, is defined as the price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The fair value accounting guidance provides a three-level fair value hierarchy for classifying financial instruments. This hierarchy is based on whether the inputs to the valuation techniques used to measure fair value are observable or unobservable. Fair value measurement of a financial asset or liability is assigned to a level based on the lowest level of any input that is significant to the fair value measurement in its entirety. The accounting guidance for fair value requires that we maximize the use of observable inputs and minimize the use of unobservable inputs in determining fair value.

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. Our most significant estimates pertain to our allowances for credit losses, fair value measurements, individually evaluated loans, the carrying value of OREO, and the valuation of deferred income taxes. Actual results may differ from the estimates and the differences may be material to the consolidated financial statements.

Segment Reporting: The Company operates one reportable segment of business, “community banking”. Through its community banking segment, the Company provides a broad range of retail and community banking services. The accounting policies of the community banking segment are the same as those described in the summary of significant accounting policies.

The Company's chief operating decision maker ("CODM") is the President, Chief Executive Officer and Director, who decides how to allocate resources based on net income that also is reported on the income statement as consolidated net income.

The measure of segment assets is reported on the balance sheet as total consolidated assets.

The following table presents segment profit and significant expenses.

Community Banking Segment			
(Dollars in thousands)			
	December 31, 2024		December 31, 2023
Total interest income	\$	125,113	\$ 112,704
Total interest expense		66,405	48,490
Provision for credit losses		728	-2051
Net interest income after provision for credit losses		57,980	66,265
Total non-interest income		4,301	6,692
Total non-interest expense		25,984	35,267
Income before income tax expense		36,297	37,690
Income tax expense		8,785	9,228
Net income attributable to the Company	\$	27,512	\$ 28,462
Reconciliation of profit or loss			
Adjustments and reconciling items		—	—
Consolidated net income	\$	27,512	\$ 28,462

Other Comprehensive Income: Comprehensive income consists of net income and other gains and losses affecting shareholders' equity that, under GAAP, are excluded from net income, including unrealized gains and losses on available for sale securities.

For the years ended December 31, 2024 and 2023, we did not reclassify any amounts from accumulated other comprehensive income to income. The following table provides the components of other comprehensive income, reclassifications to net income and the related tax effect for the years ended December 31, 2024 and 2023:

Year ended December 31,	2024		2023	
	(Dollars in thousands)			
Investment securities:				
Net unrealized gain	\$	90	\$	165
Tax effect related to the unrealized gain		(23)		(43)
Accumulated other comprehensive income	\$	67	\$	122

Earnings Per Common Share: Basic earnings per common share is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per common share considers common stock equivalents (when dilutive) outstanding during the period such as options outstanding and convertible preferred stock. To the extent that stock equivalents are anti-dilutive, they have been excluded from the earnings per share calculation. Earnings per common share have been computed based on the following for the years ended December 31, 2024 and 2023:

	2024	2023
	(Dollars in thousands, except per share data)	
Basic earnings per common share		
Net income available to common shareholders	\$ 27,492	\$ 28,436
Basic weighted-average common shares outstanding	11,954,483	11,945,740
Basic earnings per common share	\$ 2.30	\$ 2.38
Diluted earnings per common share		
Net income available to common shareholders	\$ 27,492	\$ 28,436
Dividend on Preferred Series B	20	26
Net income attributable to diluted common shares	\$ 27,512	\$ 28,462
Basic weighted-average common shares outstanding	11,954,483	11,945,740
Dilutive potential common shares	184,968	191,312
Total diluted weighted-average common shares outstanding	12,139,451	12,137,052
Diluted earnings per common share	\$ 2.27	\$ 2.35

For the years ended December 31, 2024 and 2023, there were 283,441 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.

Statement of Cash Flows: Cash and cash equivalents include cash and due from financial institutions and federal funds sold. For the purposes of the statement of cash flows, changes in loans and deposits are shown on a net basis.

Recently Issued Accounting Pronouncements:

ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures: In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The amendments further enhance income tax disclosures, primarily through standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. The amendments are effective for fiscal years beginning after December 15, 2024, and interim periods within fiscal years beginning after December 15, 2025. Early adoption is permitted and should be applied either prospectively or retrospectively. The Company does not expect the application of this guidance to have a material impact on the Consolidated Financial Statements.

Accounting Pronouncements Adopted in 2024

ASU No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures: In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. The amendments are intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss. The amendments are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. Adoption is required retrospectively to all prior periods presented in the financial statements. The implementation of this guidance did not have a material impact on the Consolidated Financial Statements.

Note 2. Cash and Due from Banks

The Company maintains various deposit accounts with other banks to meet normal funds transaction requirements, to satisfy deposit reserve requirements, and to compensate other banks for certain correspondent services. Management is responsible for assessing the credit risk of its correspondent banks. At December 31, 2024 and 2023, the vast majority of the Company's cash

deposits with other banks were due from the Federal Reserve Bank of Philadelphia and the Federal Home Loan Bank of New York.

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 December 31, 2024 and 2023:

<u>As of December 31, 2024</u>	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value	Credit Losses
	(Dollars in thousands)				
Available for sale:					
Residential mortgage-backed securities	\$ 6,005	\$ 2	\$ 456	\$ 5,551	\$ —
Total available for sale	<u>\$ 6,005</u>	<u>\$ 2</u>	<u>\$ 456</u>	<u>\$ 5,551</u>	<u>\$ —</u>
Held to maturity:					
States and political subdivisions	\$ 3,953	\$ 3	\$ 515	\$ 3,441	\$ —
Residential mortgage-backed securities	5,256	—	1,205	4,051	—
Total held to maturity	<u>\$ 9,209</u>	<u>\$ 3</u>	<u>\$ 1,720</u>	<u>\$ 7,492</u>	<u>\$ —</u>

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

The amortized cost and fair value of debt securities classified as available for sale and held to maturity, by contractual maturity as of December 31, 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	2,117	1,997
Due after five years through ten years	727	681
Due after ten years	3,161	2,873
Total available for sale	<u>\$ 6,005</u>	<u>\$ 5,551</u>
Held to maturity:		
Due within one year	\$ —	\$ —
Due after one year through five years	1,481	1,483
Due after five years through ten years	1,507	1,204
Due after ten years	6,221	4,805
Total held to maturity	<u>\$ 9,209</u>	<u>\$ 7,492</u>

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

During the year ended December 31, 2024 and 2023, the Company did not sell any investment securities.

The following tables show the gross unrealized losses and fair value of the Company's available for sale securities which are aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2024 and December 31, 2023.

As of December 31, 2024	Less Than 12 Months		12 Months or Greater		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(Dollars in thousands)					
Available for sale:						
Residential mortgage-backed securities	\$ 80	\$ 1	\$ 4,973	\$ 455	\$ 5,053	\$ 456
Total available for sale	<u>\$ 80</u>	<u>\$ 1</u>	<u>\$ 4,973</u>	<u>\$ 455</u>	<u>\$ 5,053</u>	<u>\$ 456</u>

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	<u>\$ 25</u>	<u>\$ —</u>	<u>\$ 6,870</u>	<u>\$ 547</u>	<u>\$ 6,895</u>	<u>\$ 547</u>

The Company's unrealized loss for the available for sale securities is comprised of 8 securities in the less than 12 months loss position and 14 securities in the 12 months or greater loss position at December 31, 2024. The mortgage-backed securities that had unrealized losses were issued or guaranteed by the US government or government sponsored entities. The unrealized losses associated with those mortgage-backed securities are generally driven by changes in interest rates and 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 a credit loss at December 31, 2024.

Impairment of Debt Securities

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. Please refer to Note 1 - Description of Business and Summary of Significant Accounting Policies for a detailed description of our accounting policy for the impairment of securities.

Note 4. Loans Receivable and Allowance for Credit Losses

Loans Receivable

As of December 31, 2024, the Company had \$1.87 billion in loans receivable outstanding. Outstanding balances include \$1.8 million and \$2.7 million at December 31, 2024 and 2023, respectively, for net deferred loan costs, and unamortized discounts.

The portfolios of loans receivable at December 31, 2024, and December 31, 2023, consist of the following, by portfolio segment:

	December 31, 2024	December 31, 2023
	(Dollars in thousands)	
Commercial and Industrial	\$ 35,381	\$ 35,451
Construction	149,346	157,556
Real Estate Mortgage:		
Commercial – Owner Occupied	160,441	141,742
Commercial – Non-owner Occupied	371,298	369,909
Residential – 1 to 4 Family	447,880	449,682
Residential - 1 to 4 Family Investment	524,167	524,167
Residential – Multifamily	174,756	103,324
Consumer	4,884	5,509
Total Loan receivable	1,868,153	1,787,340
Allowance for credit losses on loans	(32,573)	(32,131)
Total loan receivable, net of allowance for credit losses on loans	<u>\$ 1,835,580</u>	<u>\$ 1,755,209</u>

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

December 31, 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	\$ —	\$ —	\$ 684	\$ 684	\$ 34,697	\$ 35,381
Construction	—	—	1,091	1,091	148,255	149,346
Real Estate Mortgage:						
Commercial – Owner Occupied	—	—	400	400	160,041	160,441
Commercial – Non-owner Occupied	—	—	5,485	5,485	365,813	371,298
Residential – 1 to 4 Family	223	362	2,883	3,468	444,412	447,880
Residential - 1 to 4 Family Investment	—	454	1,609	2,063	522,104	524,167
Residential – Multifamily	—	—	—	—	174,756	174,756
Consumer	34	—	—	34	4,850	4,884
Total Loans	<u>\$ 257</u>	<u>\$ 816</u>	<u>\$ 12,152</u>	<u>\$ 13,225</u>	<u>\$ 1,854,928</u>	<u>\$ 1,868,153</u>

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	<u>\$ 124</u>	<u>\$ 3,782</u>	<u>\$ 7,238</u>	<u>\$ 11,144</u>	<u>\$ 1,776,196</u>	<u>\$ 1,787,340</u>

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

	December 31, 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	\$ —	\$ 684	\$ 684	\$ —	\$ 684
Construction	1,091	—	1,091	—	1,091
Commercial - Owner Occupied	400	—	400	—	400
Commercial - Non-owner Occupied	1,389	3,806	5,195	290	5,485
Residential - 1 to 4 Family	2,048	746	2,794	89	2,883
Residential - 1 to 4 Family Investment	1,609	—	1,609	—	1,609
Residential - Multifamily	—	—	—	—	—
Consumer	—	—	—	—	—
Total	<u>\$ 6,537</u>	<u>\$ 5,236</u>	<u>\$ 11,773</u>	<u>\$ 379</u>	<u>\$ 12,152</u>

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.

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

Twelve Months Ended December 31, 2024									
As of December 31, 2024	Real Estate Mortgage								
(Dollars in thousands)	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
December 31, 2023	\$ 926	\$ 3,347	\$ 1,795	\$ 7,108	\$ 9,061	\$ 8,783	\$ 1,049	\$ 62	\$ 32,131
Charge-offs	—	—	—	—	—	—	—	(21)	(21)
Recoveries	28	—	1	—	—	—	—	74	103
Provisions (benefits)	143	(310)	75	(808)	105	49	1,154	(48)	360
Ending Balance December 31 2024	\$ 1,097	\$ 3,037	\$ 1,871	\$ 6,300	\$ 9,166	\$ 8,832	\$ 2,203	\$ 67	\$ 32,573

The increase in allowance for credit losses for residential multifamily is primarily due to an increase in the loan balance during the year, as well as an increase in the qualitative factor due to the increased volume of the portfolio. The decrease in construction is due to a decrease in the loan balance during the year, as well as a decrease in the qualitative factor due to the decrease in volume, as well as a decrease in the vintage loss factor due to amortization of prior year losses. The decrease in commercial non-owner occupied is due to a decrease in the qualitative factor due to a reduction in the problem loan balance, and a decrease in the vintage loss factor due to the amortization of prior year losses.

Twelve Months Ended December 31, 2023

As of December 31, 2023		Real Estate Mortgage							
(Dollars in thousands)	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
December 31, 2022	\$ 390	\$ 2,581	\$ 2,298	\$ 9,709	\$ 6,076	\$ 9,381	\$ 1,347	\$ 63	\$ 31,845
Impact of adoption ASC 326	168	1,899	(171)	(951)	1,782	(794)	(128)	53	1,858
Charge-offs	—	—	—	—	—	—	—	—	—
Recoveries	15	—	3	—	—	—	—	—	18
Provisions	353	(1,133)	(335)	(1,650)	1,203	196	(170)	(54)	(1,590)
Ending Balance December 31 2023	<u>\$ 926</u>	<u>\$ 3,347</u>	<u>\$ 1,795</u>	<u>\$ 7,108</u>	<u>\$ 9,061</u>	<u>\$ 8,783</u>	<u>\$ 1,049</u>	<u>\$ 62</u>	<u>\$ 32,131</u>

The increase in allowance for credit losses for construction is due to an increase in the vintage loss rate upon the implementation of CECL, partially offset by a decrease in loan balance during the year. The increase in the allowance for credit losses for residential 1 to 4 family is due to an increase in the vintage loss rate upon the implementation of CECL, as well as an increase in loan balance during the year. The decrease in allowance for credit losses for residential 1 to 4 family investment, and residential multifamily is due to lower vintage loss rates upon the implementation of CECL, partially offset by increases in loan balances during the year. The decrease in allowance for credit losses for commercial non-owner occupied is due to lower vintage loss rates upon the implementation of CECL, a decrease in loan balance, and a decrease in loss rates due to a decrease in non-performing loans.

Collateral-Dependent Loans

The following table presents the collateral-dependent loans by portfolio segment and collateral type at December 31, 2024:

(amounts in thousands)	Real Estate	Business Assets	Other
Commercial and Industrial	\$ 684	\$ —	\$ —
Construction	1,091	—	—
Commercial - Owner Occupied	400	—	—
Commercial - Non-owner Occupied	5,195	—	—
Residential - 1 to 4 Family	2,794	—	—
Residential - 1 to 4 Family Investment	1,609	—	—
Residential - Multifamily	—	—	—
Consumer	—	—	—
Total	<u>\$ 11,773</u>	<u>\$ —</u>	<u>\$ —</u>

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 December 31, 2024 and 2023.

(Dollars in thousands)		Term Loans Amortized Cost Basis by Origination Year						Revolving Loans at Amortized Cost Basis	Total
		2024	2023	2022	2021	2020	Prior		
As of December 31, 2024									
Commercial and Industrial									
	Pass \$	1,351	\$ 4,231	\$ 654	\$ 6	\$ 658	\$ 6,213	\$ 21,584	\$ 34,697
	OAEM	—	—	—	—	—	—	—	—
	Substandard	—	—	407	—	—	—	277	684
	Doubtful	—	—	—	—	—	—	—	—
		\$ 1,351	\$ 4,231	\$ 1,061	\$ 6	\$ 658	\$ 6,213	\$ 21,861	\$ 35,381
Current period gross charge-offs		\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Construction									
	Pass \$	—	\$ 315	\$ 1,800	\$ —	\$ 193	\$ —	\$ 145,947	\$ 148,255
	OAEM	—	—	—	—	—	—	—	—
	Substandard	—	—	—	—	—	1,091	—	1,091
	Doubtful	—	—	—	—	—	—	—	—
		\$ —	\$ 315	\$ 1,800	\$ —	\$ 193	\$ 1,091	\$ 145,947	\$ 149,346
Current period gross charge-offs		\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Commercial – Owner Occupied									
	Pass \$	21,893	\$ 33,293	\$ 34,831	\$ 11,942	\$ 6,705	\$ 48,946	\$ 2,431	\$ 160,041
	OAEM	—	—	—	—	—	—	—	—
	Substandard	—	—	—	—	—	400	—	400
	Doubtful	—	—	—	—	—	—	—	—
		\$ 21,893	\$ 33,293	\$ 34,831	\$ 11,942	\$ 6,705	\$ 49,346	\$ 2,431	\$ 160,441
Current period gross charge-offs		\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Commercial – Non-owner Occupied									
	Pass \$	38,697	\$ 15,635	\$ 75,261	\$ 31,460	\$ 23,780	\$ 153,027	\$ 16,494	\$ 354,354

OAEM	—	—	—	—	—	11,459	—	11,459
Substandard	—	—	—	—	249	4,946	290	5,485
Doubtful	—	—	—	—	—	—	—	—
	\$ 38,697	\$ 15,635	\$ 75,261	\$ 31,460	\$ 24,029	\$ 169,432	\$ 16,784	\$ 371,298
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Residential – 1 to 4 Family								
Performing	\$ 48,704	\$ 53,018	\$ 108,691	\$ 56,027	\$ 29,580	\$ 145,467	\$ 3,510	\$ 444,997
Nonperforming	—	644	375	—	602	1,262	—	2,883
	\$ 48,704	\$ 53,662	\$ 109,066	\$ 56,027	\$ 30,182	\$ 146,729	\$ 3,510	\$ 447,880
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Residential – 1 to 4 Family Investment								
Performing	\$ 58,772	\$ 79,266	\$ 127,600	\$ 103,343	\$ 44,301	\$ 109,276	\$ —	\$ 522,558
Nonperforming	—	995	614	—	—	—	—	1,609
	\$ 58,772	\$ 80,261	\$ 128,214	\$ 103,343	\$ 44,301	\$ 109,276	\$ —	\$ 524,167
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Residential – Multifamily								
Pass	\$ 6,770	\$ 4,942	\$ 92,918	\$ 25,410	\$ 9,150	\$ 35,566	\$ —	\$ 174,756
OAEM	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
	\$ 6,770	\$ 4,942	\$ 92,918	\$ 25,410	\$ 9,150	\$ 35,566	\$ —	\$ 174,756
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Consumer								
Performing	\$ 246	\$ —	\$ —	\$ —	\$ —	\$ 4,627	\$ 11	\$ 4,884
Nonperforming	—	—	—	—	—	—	—	—
	\$ 246	\$ —	\$ —	\$ —	\$ —	\$ 4,627	\$ 11	\$ 4,884
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 21	\$ —	\$ 21
Total Loan Receivable	\$ 176,434	\$ 192,338	\$ 443,151	\$ 228,189	\$ 115,219	\$ 522,571	\$ 190,251	\$ 1,868,153

(Dollars in thousands)

(Dollars in thousands)		Term Loans Amortized Cost Basis by Origination Year						Revolving Loans at Amortized Cost Basis	Total							
As of December 31, 2023		2023	2022	2021	2020	2019	Prior									
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	\$ —	\$ —	\$ —	\$ —	\$ —	— \$	— \$	—
Total Loan Receivable	\$ 192,551	\$ 413,832	\$ 268,197	\$ 137,224	\$ 156,973	\$ 441,606	\$ 176,957	\$ 1,787,340

Modifications to Borrowers Experiencing Financial Difficulty

At December 31, 2024 and 2023, the Company did not make any modifications to borrowers experiencing financial difficulty.

At December 31, 2024 and 2023, there was \$4.9 million and \$1.2 million, respectively, of residential real estate loans where the Company was actively pursuing foreclosure.

Loans to Related Parties: In the normal course of business, the Company has granted loans to its executive officers, directors and their affiliates (related parties). All loans to related parties were made in the ordinary course of business.

An analysis of the activity of such related party loans for 2024 is as follows:

	2024
	(Dollars in thousands)
Balance, beginning of year	\$ 696
Advances	375
Less: repayments	(510)
Balance, end of year	\$ 561

Pledged Loans: At December 31, 2024 and 2023, approximately \$740.5 million and \$1.3 billion, respectively, of unpaid principal balance of loans were pledged to the FHLBNY on borrowings (Note 7). This pledge consists of a blanket lien on residential mortgages and certain qualifying commercial real estate loans.

At December 31, 2024, approximately \$361.0 million of unpaid principal balance of loans were pledged to the FRB on borrowings. There were no loans pledged as of December 31, 2023.

Concentrations of Credit: Most of the Company's lending activity occurs within the areas of southern New Jersey and southeastern Pennsylvania, as well as other markets. We maintain discipline in our lending with a focus on portfolio diversification. In our underwriting process, we have limits on loans to one borrower, one industry as well as product concentrations. Our loan portfolio consists of residential, commercial real estate loans, construction loans, commercial and industry loans as well as consumer loans.

Note 5. OREO

Other real estate owned (OREO) at December 31, 2024 and 2023 was \$1.6 million. The real estate owned at December 31, 2024, consisted of two properties. During the year ended December 31, 2024, the Company did not dispose of any OREO properties, compared to \$161.0 thousand of OREO sold during the year ended December 31, 2023, recognizing a gain of \$38.0 thousand. The Company did not write-down any OREO property during 2024 or 2023. Operating expenses related to OREO, net of related income, for 2024 and 2023, were \$835.0 thousand and \$839.0 thousand, respectively.

An analysis of OREO activity for the years ended December 31, 2024 and 2023 is as follows:

	For the Year Ended December 31,	
	2024	2023
	(Dollars in thousands)	
Balance at beginning of period	\$ 1,550	\$ 1,550
Real estate acquired in settlement of loans	—	123
Capital improvements to existing OREO properties	12	—
Sales of OREO, net	—	(161)
Valuation adjustments	—	38
Balance at end of period	<u>\$ 1,562</u>	<u>\$ 1,550</u>

Note 6. Deposits

Deposits at December 31, 2024 and 2023, consisted of the following:

	2024	2023
	(Dollars in thousands)	
Noninterest-bearing demand	\$ 184,037	\$ 232,189
NOWs	60,499	63,017
Money market deposits	615,444	567,080
Savings deposits	55,912	83,470
Time deposits over \$250,000	136,360	93,696
Other time deposits	368,092	356,791
Brokered time deposits	210,706	156,584
Total deposits	<u>\$ 1,631,050</u>	<u>\$ 1,552,827</u>

Scheduled maturities of certificates of deposit at December 31, 2024 are as follows:

Years Ending December 31,	(Dollars in thousands)
2025	\$ 702,547
2026	8,693
2027	2,631
2028	357
2029	930
Total	<u>\$ 715,158</u>

The following table is a summary of interest expense on deposits by category:

	2024	2023
	(Dollars in thousands)	
NOWs	\$ 618	\$ 1,377
Money market deposits	27,812	17,120
Savings deposits	750	1,486
Time deposits	19,099	15,232
Brokered time deposits	9,033	6,044
Total	<u>\$ 57,312</u>	<u>\$ 41,259</u>

Note 7. Borrowings

An analysis of borrowings at December 31, 2024 and 2023 is as follows:

		2024		2023	
			Weighted Average Rate		Weighted Average Rate
Maturity Date or Range		Amount		Amount	
(Dollars in thousands)					
Borrowed funds:					
Federal Home Loan Bank advances	Less than one year	\$ 125,000	4.83 %	\$ 30,000	5.61 %
	One to three years	20,000	4.67 %	95,000	4.93 %
	Total	<u>\$ 145,000</u>		<u>\$ 125,000</u>	
Subordinated debentures, capital trusts	November 2035	\$ 5,155	6.44 %	\$ 5,155	7.30 %
	November 2035	5,155	6.44 %	5,155	7.30 %
	September 2037	3,093	6.12 %	3,093	7.15 %
	Total	<u>\$ 13,403</u>		<u>\$ 13,403</u>	
Subordinated debentures notes, net	July 15, 2030	\$ 29,897	6.50 %	\$ 29,708	6.50 %

At December 31, 2024, the Company had a \$740.5 million line of credit from the FHLBNY, of which \$145.0 million, as detailed above, was outstanding, \$50.0 million was a letter of credit to secure public deposits, and \$545.5 million was unused.

At December 31, 2024, the Company had a \$252.0 million line of credit from the FRB, with no balances outstanding.

Subordinated Debentures – Capital Trusts: On August 23, 2005, Parke Capital Trust I, a Delaware statutory business trust and a wholly-owned subsidiary of the Company, issued \$5,000,000 of variable rate capital trust pass-through securities to investors. The variable interest rate re-prices quarterly at the three-month SOFR plus a spread adjustment of 0.26161% plus 1.66% and was 6.44% at December 31, 2024. Parke Capital Trust I purchased \$5,155,000 of variable rate junior subordinated deferrable interest debentures from the Company. The debentures are the sole asset of the Trust. The terms of the junior subordinated debentures are the same as the terms of the capital securities. The Company has also fully and unconditionally guaranteed the obligations of the Trust under the capital securities. The capital securities are redeemable by the Company on or after November 23, 2010, at par. The capital securities must be redeemed upon final maturity of the subordinated debentures on November 23, 2035. Proceeds of approximately \$4.2 million were contributed to paid-in capital at the Bank. The remaining \$955,000 was retained at the Company for future use.

On August 23, 2005, Parke Capital Trust II, a Delaware statutory business trust and a wholly-owned subsidiary of the Company, issued \$5,000,000 of fixed/variable rate capital trust pass-through securities to investors. Currently, the interest rate is variable at 6.44%. The variable interest rate re-prices quarterly at the three-month SOFR plus a spread adjustment of 0.26161% plus 1.66% beginning November 23, 2010. Parke Capital Trust II purchased \$5,155,000 of variable rate junior subordinated deferrable interest debentures from the Company. The debentures are the sole asset of the Trust. The terms of the

junior subordinated debentures are the same as the terms of the capital securities. The Company has also fully and unconditionally guaranteed the obligations of the Trust under the capital securities. The capital securities are redeemable by the Company on or after November 23, 2010, at par. The capital securities must be redeemed upon final maturity of the subordinated debentures on November 23, 2035. Proceeds of approximately \$4.2 million were contributed to paid-in capital at the Bank. The remaining \$955,000 was retained at the Company for future use.

On June 21, 2007, Parke Capital Trust III, a Delaware statutory business trust and a wholly-owned subsidiary of the Company, issued \$3,000,000 of variable rate capital trust pass-through securities to investors. The variable interest rate re-prices quarterly at the three-month SOFR plus a spread adjustment of 0.26161% plus 1.50% and was 6.12% at December 31, 2024. Parke Capital Trust III purchased \$3,093,000 of variable rate junior subordinated deferrable interest debentures from the Company. The debentures are the sole asset of the Trust. The terms of the junior subordinated debentures are the same as the terms of the capital securities. The Company has also fully and unconditionally guaranteed the obligations of the Trust under the capital securities. The capital securities are redeemable by the Company on or after December 15, 2012, at par. The capital securities must be redeemed upon final maturity of the subordinated debentures on September 15, 2037. The proceeds were contributed to paid-in capital at the Bank.

Subordinated Debentures – Notes: On July 15, 2020, the Company issued and sold \$30 million in aggregate principal amount of its 6.50% Fixed-to-Floating Rate Subordinated Notes due 2030 (the “Notes”) to certain qualified institutional buyers and accredited investors (the “Purchasers”). The Notes were offered and sold by the Company to eligible purchasers in a private offering in reliance on the exemption from the registration requirements of Section 4(a)(2) of the Securities Act of 1933, as amended (the “Securities Act”), and the provisions of Regulation D promulgated thereunder (the “Private Placement”). The Company intends to use the net proceeds from the offering for general corporate purposes. The Notes have a ten-year term and, from and including the date of issuance to but excluding July 15, 2025, will bear interest at a fixed annual rate of 6.50%, payable semi-annually in arrears. From and including July 15, 2025 to but excluding the maturity date or earlier redemption date, the interest rate shall reset quarterly to an interest rate per annum equal to the then-current three-month SOFR (provided, that in the event the three-month SOFR is less than zero, the three-month SOFR will be deemed to be zero) plus 644 basis points, payable quarterly in arrears. The Notes are redeemable, in whole or in part, at the Company’s option, on any scheduled interest payment date on or after July 15, 2025, and at any time upon the occurrence of certain events. Any redemption of the Notes will be subject to prior regulatory approval to the extent required. There were approximately \$948,000 in costs associated with the issuance of this debt, of which \$102.7 thousand is unamortized as of December 31, 2024.

Note 8. Premises and Equipment

A summary of the cost and accumulated depreciation and amortization of Company premises and equipment as of December 31, 2024 and 2023 is as follows:

	2024	2023
	(Dollars in thousands)	
Land	\$ 1,044	\$ 1,044
Building and improvements	7,284	7,275
Furniture and equipment	4,056	3,946
Total premises and equipment	12,384	12,265
Less: accumulated depreciation and amortization	(7,068)	(6,686)
Premises and equipment, net	\$ 5,316	\$ 5,579

Depreciation and amortization expense was \$382,000 and \$401,000 in 2024 and 2023, respectively.

Note 9. Leases

We lease three retail branches, a loan office, and a parcel of land for a retail branch location. These leases generally have remaining terms of 10 years or less except the land lease, which has a remaining lease term of eighty-two years. Some of the leases may include options to renew the leases. The exercise of lease renewal is at our sole discretion.

Our right-of-use assets and lease liabilities for operating leases are included in other assets and other liabilities on our consolidated balance sheets. We use the interest rate implicit in the lease or incremental borrowing rate in determining the present value of lease payments. At December 31, 2024, we had future minimum lease payments of \$26.9 million and imputed interest of \$24.7 million and lease liability of \$2.2 million. The weighted average remaining lease term was 51.3 years and weighted average discount rate was 7.27% at December 31, 2024, respectively. Our operating lease expense is included in occupancy expenses within non-interest expense in our consolidated statements of income. Total operating lease expense consists of operating lease cost, which is recognized on a straight-line basis over the lease term, and variable lease cost, which is recognized based on actual amounts incurred.

The components of the Company's ongoing operating lease cost were as follows:

	Twelve Months Ended (Dollars in thousands)	
	2024	2023
Lease Cost	\$ 409	\$ 405
Sublease income	(219)	(217)
Net lease cost	\$ 190	\$ 188

The following table presents information about our operating leases during the year ended December 31, 2024.

Dollars in thousands	2024
Lease right of use assets (ROU)	\$ 2,212
Lease liabilities	\$ 2,212

The following table presents future undiscounted cash flows on our operating leases:

Years Ended December 31,	(Dollars in thousands)
2025	\$ 365
2026	283
2027	187
2028	192
2029	210
Thereafter	25,712
Total undiscounted lease payments	\$ 26,949
Impact of present value discount	\$ (24,737)

Note 10. Shareholders' Equity

Common Stock Dividend: The Company paid a \$0.18 per share dividend each quarter of 2024, and 2023, respectively. During the year ended December 31, 2024, the Company paid a total of \$8.6 million in common stock cash dividends. During the year ended December 31, 2023, the Company paid a total of \$8.6 million in common stock cash dividends.

The timing and amount of future dividends will be within the discretion of the Board of Directors and will depend on the consolidated earnings, financial condition, liquidity, and capital requirements of the Company and its subsidiaries, applicable governmental regulations and policies, and other factors deemed relevant by the Board.

Treasury Stock: During the year ended December 31, 2024, the Company repurchased 200,000 shares of its outstanding common stock for \$4.3 million at an average price of \$21.28 per share. No treasury stock was repurchased during the year ended December 31, 2023.

Stock Options: The 2020 Equity Incentive Plan (the “2020 Plan”) became effective after shareholder approval in 2020. In addition, the Company also has the 2015 Equity Incentive Plan (the “2015 Plan”). No future awards are being granted under the 2015 Plan. The 2020 Plan will terminate on the tenth anniversary of its effective date, after which no awards may be granted. Collectively, the 2015 Plan and the 2020 Plan are referred to as Stock Option Plans. Under the 2020 Plan, the Company may grant options to purchase up to 935,000 shares of Company's common stock and award up to 55,000 of restricted stock. At December 31, 2024, there were 458,750 shares remaining for future option grants, and 48,482 shares remaining for future restricted stock awards under the plan.

During the year ended December 31, 2024, options to purchase 20,000 shares of commons stock at \$19.03 per share were awarded and will expire no later than ten years following the grant date. The options granted vest over a five-year service period, with 20% of the awards vesting on each anniversary of the date of grant. The fair value of the options granted, as computed using the Black-Sholes option-pricing model, was determined to be \$4.34 per option based upon the following underlying assumptions: a risk-free interest rate, expected option life, expected stock price volatility, and dividend yield of 3.82%, 6.5 years, 29.29%, and 3.78%, respectively.

The risk-free interest rate was based on the U.S. Treasury yield at the option grant date for securities with a term matching the expected life of the options granted. The expected life was calculated using the "simplified" method provided for under Staff Accounting Bulletin No. 110. Expected volatility was calculated based upon the actual price history of the Company's common stock up until the date of the option grants. The dividend yield was calculated using the previous four quarter payment history.

The Company did not grant any options during the year ended December 31, 2023.

Compensation expense for stock options was \$335.8 thousand, and \$397.8 thousand at December 31, 2024 and 2023, respectively.

A summary of stock options at December 31, 2024 was as follows:

	Year Ended December 31, 2024	
	Shares	Weighted Average Exercise Price
Stock Options:		
Outstanding at beginning of period	681,345	\$15.94
Granted	20,000	\$19.03
Exercised	(63,769)	\$11.06
Forfeited	(23,750)	\$21.66
Outstanding at end of period	613,826	\$16.33
Exercisable at end of period	449,980	\$15.93

The total amount of compensation cost remaining to be recognized relating to unvested employees and directors option grants as of December 31, 2024 was \$0.5 million. The weighted-average period over which the expense is expected to be recognized is 2.7 years. At December 31, 2024, the intrinsic value of options exercisable and all options outstanding was approximately \$2.1 million and \$2.6 million, respectively. The aggregate intrinsic value of options exercised in 2024 was \$675.1 thousand.

The total amount of compensation cost remaining to be recognized relating to unvested option grants as of December 31, 2023 was \$0.9 million. The weighted-average period over which the expense is expected to be recognized was 3.4 years. At December 31, 2023, the intrinsic value of options exercisable and all options outstanding was approximately \$2.7 million and \$3.1 million, respectively. The aggregate intrinsic value of options exercised in 2023 was \$45.0 thousand.

Under the 2020 Plan, the Company was authorized to issue 55,000 shares of restricted stock upon the grant of awards. All restricted stocks vests over five years. The table below presents the status of the restricted stock units at December 31, 2024, and the changes during the year ended December 31, 2024.

	Restricted Stock Units	Weighted Average Grant-Date Fair Value
Outstanding and unvested at December 31, 2023	3,669	19.64
Granted	—	
Vested	(1,701)	20.01
Outstanding and unvested at December 31, 2024	1,968	19.33

The Company recognized \$34,005 and \$40,006 compensation costs of the restricted shares during year 2024 and 2023. The total amount of restricted stock expense remaining to be recognized is \$38.0 thousand at December 31, 2024.

Preferred Stock: In December of 2013, the Company completed a private placement of newly designated 6% Non-Cumulative Perpetual Convertible Preferred Stock, Series B, with a liquidation preference of \$1,000 per share. The Company sold 20,000 shares in the placement for gross proceeds of \$20.0 million. Each share of Series B Preferred Stock is convertible, at the option of the holder into approximately 137.6 shares of Common Stock at December 31, 2024. There were 325 shares of Series B Preferred Stock outstanding at December 31, 2024. Upon full conversion of the outstanding shares of the Series B Preferred Stock, the Company will issue approximately 44,720 shares of Common Stock assuming that the conversion rate does not change. The conversion rate and the total number of shares to be issued would be adjusted for future stock dividends, stock splits and other corporate actions. The conversion rate was set using a conversion price for the common stock of \$10.64, which was approximately 20% over the closing price of the Common Stock on October 10, 2013, the day the Series B Preferred Stock was priced.

During 2024, preferred stockholders converted 50 shares of preferred shares into 6,877 shares of common stock, respectively.

During 2023, preferred stockholders converted 70 shares of preferred shares into 9,628 shares of common stock, respectively.

The Company has recorded dividends on preferred stock in the approximate amount of \$20,250 and \$26,000 for the years ended December 31, 2024 and 2023, respectively. The Company paid quarterly cash dividends of \$15 per share on the preferred stock for year 2024 and 2023. The preferred stock qualifies for and is accounted for as equity securities and is included in the Company's Tier I capital since issued.

Note 11. Income Taxes

Income tax expense for 2024 and 2023 consisted of the following:

	2024	2023
	(Dollars in thousands)	
Current tax expense:		
Federal	\$ 7,265	\$ 6,886
State	1,394	2,336
	8,659	9,222
Deferred tax expense/(benefit)	126	6
Income tax expense	\$ 8,785	\$ 9,228

The components of the net deferred tax asset at December 31, 2024 and 2023 were as follows:

	2024	2023
	(Dollars in thousands)	
Deferred tax assets:		
Allowance for credit losses	\$ 7,197	\$ 7,575
Supplemental Executive Retirement Plan ("SERP")	1,522	1,636
Deferred Loan Fees	1,411	1,322
Non-accrued interest	44	58
Non-qualified stock options and restricted stock	376	318
Write-down on partnership investment	130	138
Unrealized loss on securities	117	140
Lease liability	2,212	2,455
PPP Deferred Loan Fees	—	1
Other	269	210
	13,278	13,853
Valuation allowance	(130)	(138)
Total gross deferred tax assets	13,148	13,715
Deferred tax liabilities:		
Depreciation	(58)	(71)
Partnership income	(54)	(58)
Right of use asset	(2,212)	(2,455)
Deferred loan costs	(1,711)	(1,869)
Total gross deferred tax liabilities	(4,035)	(4,453)
Net deferred tax asset	\$ 9,113	\$ 9,262

A reconciliation of the Company's effective income tax rate with the statutory federal rate for 2024 and 2023 is as follows:

	2024	2023
	(Dollars in thousands)	
At Federal statutory rate	\$ 7,622	\$ 7,915
Adjustments resulting from:		
State income taxes, net of Federal tax benefit	1,776	1,557
Tax exempt income	(20)	(20)
BOLI	(138)	(155)
Stock compensation	(26)	(8)
Nondeductible expenses	2	1
Nondeductible executive compensation	32	84
Other	(463)	(146)
	\$ 8,785	\$ 9,228

Management has evaluated the Company's tax positions and concluded that the Company has taken no uncertain tax positions that require adjustments to the financial statements. With few exceptions, the Company is no longer subject to income tax examinations by federal and local tax authorities for years before 2021, and by the State of New Jersey for years before 2020. The Company is still subject to examination for 2021 and after.

The Company recorded income tax expense of \$8.8 million on income before taxes of \$36.3 million on for the year ended December 31, 2024, resulting in an effective tax rate of 24.2%, compared to income tax expense of \$9.2 million on income before taxes of \$37.7 million for the same period of 2023, resulting in an effective tax rate of 24.5%.

Note 12. Retirement Plans

The Company has a Supplemental Executive Retirement Plan (“SERP”) covering certain members of management.

The net SERP pension cost was approximately \$197.0 thousand in 2024 and \$367.0 thousand in 2023. The unfunded benefit obligation, which was included in other liabilities, was approximately \$6.4 million at December 31, 2024 and \$6.4 million at December 31, 2023.

The benefit obligation at December 31, 2024 and December 31, 2023 was calculated as follows:

	2024	2023
	(Dollars in thousands)	
Benefit obligation, January 1	\$ 6,439	\$ 6,311
Service cost/(benefit)	(146)	27
Interest cost	343	340
Benefits paid	(239)	(239)
Accrued liability at December 31	<u>\$ 6,397</u>	<u>\$ 6,439</u>

The net SERP pension cost for 2024 and benefit for 2023 was calculated as follows:

	2024	2023
	(Dollars in thousands)	
Service cost	\$ (146)	\$ 27
Interest cost	343	340
	<u>\$ 197</u>	<u>\$ 367</u>

The service cost for 2024 and 2023 are included in the compensation cost in the income statement. The discount rate used in determining the actuarial present value of the projected benefit obligation was 5.5% for 2024 and 2023. Annual benefit payments are estimated at \$525,696 for 2025, \$812,346 for 2026, \$812,346 for 2027, \$812,346 for 2028, \$812,346 for 2029 and \$4.6 million thereafter.

The Company has a 401(k) Plan covering substantially all employees. Under the Plan, the Company is required to contribute 3% of all qualifying employees’ eligible salary to the Plan. The Plan expense in 2024 was \$250.2 thousand and \$243.0 thousand in 2023.

Note 13. Regulatory Matters

Banks and bank holding companies are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and, additionally for banks, prompt corrective action regulations, involve quantitative measures of assets, liabilities, and certain off-balance-sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators. Failure to meet capital requirements can result in regulatory action. Under the Basel III rules, the Company must hold a capital conservation buffer above the adequately capitalized risk-based capital ratios. The capital conservation buffer is 2.50%. The Bank made a one-time election to opt-out the net unrealized gain or loss on available for sale securities in computing regulatory capital. At December 31, 2024, the Bank was considered “well capitalized” under the regulatory framework for prompt corrective action.

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. At year-end 2024 and 2023 the most recent regulatory notifications categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the institution's category.

Community Bank Leverage Ratio

The Economic Growth, Regulatory Relief and Consumer Protection Act (“EGRRCPA”), enacted in May 2018, introduced an optional simplified measure of capital adequacy for qualifying community banking organizations with total consolidated assets of less than \$10 billion by instructing the federal banking regulators to establish a single “Community Bank Leverage Ratio” of tangible equity capital divided by average consolidated assets (“CBLR”) of between 8 and 10 percent. Under the statute, any qualifying depository institution or holding company that maintains a leverage ratio exceeding the CBLR will be considered to satisfy the generally applicable leverage and risk-based regulatory capital requirements.

Under final regulations adopted by the federal banking agencies under the EGRRCPA, a community banking organization may opt into the CBLR framework if it has a Tier 1 leverage ratio of at least 9%, less than \$10 billion in total consolidated assets, and limited amounts of off-balance-sheet exposures and trading assets and liabilities. A qualifying community banking organization that opts into the CBLR framework will not be required to report or calculate compliance with risk-based capital requirements and will also be considered to have met the well-capitalized ratio requirements under the prompt corrective action regulations. We have elected to use the CBLR framework and is presented as of December 31, 2024.

The Company and Bank's regulatory capital as of December 31, 2024 and 2023, is presented in the following table.

As of December 31, 2024		Actual		For Capital Adequacy Purpose*	
Company	Amount	Ratio	Amount	Ratio	
(Dollars in thousands except ratios)					
Total risk-based capital	\$ 362,000	24.44%	\$ 118,478	8.00%	
Tier 1 risk-based capital	313,488	21.17%	88,859	6.00%	
Tier 1 leverage	313,488	15.00%	83,604	4.00%	
Tier 1 common equity	300,085	20.26%	66,644	4.50%	
Parke Bank					
Community Bank Leverage Ratio	342,282	16.38%	188,072	9.00%	

As of December 31, 2023		Actual		For Capital Adequacy Purpose*	
Company	Amount	Ratio	Amount	Ratio	
(Dollars in thousands except ratios)					
Total risk-based capital	\$ 345,607	24.19%	\$ 114,291	8.00%	
Tier 1 risk-based capital	297,749	20.84%	85,718	6.00%	
Tier 1 leverage	297,749	15.04%	79,207	4.00%	
Tier 1 common equity	284,346	19.90%	64,289	4.50%	
Parke Bank					
Community Bank Leverage Ratio	326,465	16.49%	178,233	9.00%	

* Combination of both community bank leverage approach and the regular rule of capital adequacy.

Note 14. 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 December 31, 2024. Variable-rate commitments are generally issued for less than one year and carry market rates of interest. Such instruments are not likely to be affected by annual rate caps triggered by rising interest rates. Management believes that off-balance sheet risk is not material to the results of operations or financial condition. As of December 31, 2024 and 2023, unused commitments to extend credit amounted to approximately \$122.5 million and \$93.8 million, respectively.

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

At December 31, 2024 and December 31, 2023, the allowance for credit losses of unfunded lending commitments was \$0.9 million and \$0.5 million, respectively. A provision expense for unfunded lending commitments of \$0.4 million was recognized during the year ended December 31, 2024, while there was \$0.5 million provision recovery recognized during the year ended December 31, 2023.

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 into 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 it is 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 December 31, 2024 and 2023, deposit balances from cannabis customers were approximately \$151.9 million and \$96.7 million, or 9.3% and 6.2% of total deposits, respectively, with three customers accounting for 59.4% and 60.6% of the total at December 31, 2024 and 2023. At December 31, 2024 and 2023, there were cannabis-related loans in the amounts of \$43.4 million and \$27.1 million, respectively.

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 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. See "Note 15. Commitments and Contingencies" in the Notes to the Consolidated Financial Statements.

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 \$1,000,000.00 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 \$1,400,000.00. 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 sheriff's 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.

Other than the foregoing, neither the Company nor the Bank are involved in any other pending legal proceedings, other than routine legal matters occurring in the ordinary course of business, which in the aggregate involve amounts which are believed by management to be immaterial to the consolidated financial condition or results of operations of the Company.

Note 15. 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. In accordance with the *Fair Value Measurements and Disclosures* (Topic 820) of FASB Accounting Standards Codification, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

Fair value is a market-based measurement, not an entity-specific measurement. The fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. 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, then fair values are provided by independent third-party valuation services. These valuation services estimate fair values using pricing models and other accepted valuation methodologies, such as quotes for similar securities and observable yield curves and spreads. As part of the Company's overall valuation process, management evaluates these third-party methodologies to ensure that they are representative of exit prices in the Company's principal markets. Securities in Level 2 include mortgage-backed securities, corporate debt obligations, and collateralized mortgage-backed securities.

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis at December 31, 2024 and 2023.

Financial Assets	Level 1	Level 2	Level 3	Total
(Dollars in thousands)				
Investment securities available for sale				
As of December 31, 2024				
Residential mortgage-backed securities	\$ —	\$ 5,551	\$ —	\$ 5,551
Total	\$ —	\$ 5,551	\$ —	\$ 5,551
As of December 31, 2023				
Residential mortgage-backed securities	\$ —	\$ 7,095	\$ —	\$ 7,095
Total	\$ —	\$ 7,095	\$ —	\$ 7,095

For the year ended December 31, 2024, there were no transfers between the levels within the fair value hierarchy.

There were no level 3 assets or liabilities held for the year ended at December 31, 2024 and December 31, 2023.

Fair Value on a Non-Recurring Basis:

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

Financial Assets	Level 1		Level 2		Level 3		Total
	(Dollars in thousands)						
As of December 31, 2024							
Collateral dependent loans	\$	—	\$	—	\$	5,189	\$ 5,189
OREO	\$	—	\$	—	\$	1,562	\$ 1,562
As of December 31, 2023							
Collateral dependent loans	\$	—	\$	—	\$	1,655	\$ 1,655
OREO	\$	—	\$	—	\$	1,550	\$ 1,550

All collateral dependent individually evaluated loans have an independent third-party full appraisal to determine the NRV based on the fair value of the underlying collateral, less cost to sell (a range of 5% to 10%) and other costs, such as unpaid real estate taxes, that have been identified. The appraisal will be based on an "as-is" valuation and will follow a reasonable valuation method that addresses the direct sales comparison, income, and cost approaches to market value, reconciles those approaches, and explains the elimination of each approach not used. Appraisals are updated every 12 months or sooner if we have identified possible further deterioration in value.

OREO consists of real estate properties which are recorded at fair value. All properties have an independent third-party full appraisal to determine the fair value, less cost to sell (a range of 5% to 10%) and other costs, such as unpaid real estate taxes, that have been identified. The appraisal will be based on an "as-is" valuation and will follow a reasonable valuation method that addresses the direct sales comparison, income, and cost approaches to market value, reconciles those approaches, and explains the elimination of each approach not used. Appraisals are updated every 12 months or sooner if we have identified possible further deterioration in value.

The following table summarizes the carrying amounts and fair values for financial instruments at December 31, 2024 and December 31, 2023:

December 31, 2024	Carrying Amount	Fair Value			
		Total	Level 1	Level 2	Level 3
		(Dollars in thousands)			
Financial Assets:					
Cash and cash equivalents	\$ 221,527	\$ 221,527	\$ 221,527	\$ —	\$ —
Investment securities AFS	5,551	5,551	—	5,551	—
Investment securities HTM	9,209	7,492	—	7,492	—
Restricted stock	8,619	8,619	—	—	8,619
Loans, net	1,835,580	1,834,007	—	1,822,203	11,804
Accrued interest receivable	9,659	9,659	—	9,659	—
Financial Liabilities:					
Non-time deposits	\$ 915,892	\$ 915,892	\$ 915,892	\$ —	\$ —
Time deposits	715,158	716,904	—	716,904	—
Borrowings	188,300	189,621	—	189,621	—
Accrued interest payable	7,968	7,968	—	7,968	—

December 31, 2023	Carrying Amount	Fair Value			
		Total	Level 1	Level 2	Level 3
		(Dollars in thousands)			
Financial Assets:					
Cash and cash equivalents	\$ 180,376	\$ 180,376	\$ 180,376	\$ —	\$ —
Investment securities AFS	7,095	7,095	—	7,095	—
Investment securities HTM	9,292	7,892	—	7,892	—
Restricted stock	7,636	7,636	—	—	7,636
Loans, net	1,755,209	1,727,842	—	1,718,866	8,976
Accrued interest receivable	8,555	8,555	—	8,555	—
Financial Liabilities:					
Non-time deposits	\$ 945,756	\$ 945,756	\$ 945,756	\$ —	\$ —
Time deposits	—	605,216	—	605,216	—
Borrowings	168,111	172,985	—	172,985	—
Accrued interest payable	4,146	4,146	—	4,146	—

Note 16. Parent Company Only Financial Statements

Condensed financial information of the parent company only is presented in the following two tables:

Balance Sheets

	December 31,	
	2024	2023
	(Dollars in thousands)	
Assets:		
Cash	\$ 4,147	\$ 4,111
Investments in subsidiaries	342,348	326,464
Total assets	<u>\$ 346,495</u>	<u>\$ 330,575</u>
Liabilities and Equity:		
Subordinated debentures	\$ 43,300	\$ 43,111
Other liabilities	3,122	3,147
Equity	300,073	284,317
Total liabilities and equity	<u>\$ 346,495</u>	<u>\$ 330,575</u>

Statements of Income

	Years ended December 31,	
	2024	2023
	(Dollars in thousands)	
Income:		
Dividends from bank subsidiary	\$ 15,389	\$ 11,772
Total income	15,389	11,772
Expense:		
Interest on subordinated debentures	\$ 3,080	\$ 3,048
Salary	160	160
Other expenses	118	118
Total expenses	3,358	3,326
Net Income	12,031	8,446
Equity in undistributed income of subsidiaries	15,481	20,016
Net income	27,512	28,462
Preferred stock dividend and discount accretion	(20)	(26)
Net income available to common shareholders	<u>\$ 27,492</u>	<u>\$ 28,436</u>

Statements of Cash Flows

	Years ended December 31,	
	2024	2023
	(Dollars in thousands)	
Cash Flows from Operating Activities		
Net income	\$ 27,512	\$ 28,462
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in undistributed earnings of subsidiaries	(15,481)	(20,016)
Amortization of subordinate debt issuance costs	190	190
Changes in		
(Decrease) increase in accrued interest payable and other accrued liabilities	(27)	12
Net cash provided by operating activities	12,194	8,648
Cash Flows from Financing Activities		
Purchase of treasury stock	(4,262)	—
Proceeds from exercise of stock options	706	33
Payment of dividend on preferred stock and common stock	(8,602)	(8,629)
Net cash used in financing activities	(12,158)	(8,596)
Increase in cash and cash equivalents	36	52
Cash and Cash Equivalents, January 1,	4,111	4,059
Cash and Cash Equivalents, December 31,	\$ 4,147	\$ 4,111

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures

As of the end of the period covered by this Annual Report on Form 10-K, an evaluation was carried out by our management, with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective as of the end of the period covered by this report. No changes were made to our internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) during the last fiscal quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

To The Shareholders Of Parke Bancorp, Inc.

The management of Parke Bancorp, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed under the supervision of our Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external purposes in accordance with generally accepted accounting principles.

As of December 31, 2024, management assessed the effectiveness of our internal control over financial reporting based on the criteria for effective internal control over financial reporting established in "Internal Control - Integrated Framework," issued by the Committee of Sponsoring Organizations ("COSO") of the Treadway Commission ("2013 framework"). Based on the assessment, management determined that we maintained effective internal control over financial reporting as of December 31, 2024, based on those criteria.

S.R. Snodgrass, P.C. Cranberry Township, Pennsylvania, (U.S. PCAOB Auditor Firm I.D.: 74), the independent registered public accounting firm that audited our consolidated financial statements included in this Annual Report on Form 10-K, has issued an attestation report on the effectiveness of our internal control over financial reporting as of December 31, 2024. The report, which expresses an unqualified opinion on the effectiveness of our internal control over financial reporting as of December 31, 2024, is included in this Item under the heading “Attestation Report of Independent Registered Public Accounting Firm.”

March 12, 2025

/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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Parke Bancorp, Inc.

Opinion on Internal Control over Financial Reporting

We have audited Parke Bancorp, Inc. and subsidiaries (the “Company”)’s internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2024 and 2023; and the related consolidated statements of income, comprehensive income, equity, and cash flows for the years then ended, of the Company; and our report dated March 12, 2025, expressed an unqualified opinion.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting in the accompanying Report On Management’s Assessment Of Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent, with respect to the Company, in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and

dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

/s/ S.R. Snodgrass, P.C.

Cranberry Township, Pennsylvania
March 12, 2025

Item 9B. Other Information.

Rule 10b5-1 Trading Plans

During the fiscal quarter ended December 31, 2024, none of the Company's directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information contained under the headings "Proposal I - Election of Directors," and "Corporate Governance" in the Company's Proxy Statement for its 2025 Annual Meeting of Stockholders (the "Proxy Statement") is incorporated herein by reference.

The Company has adopted a Code of Ethics that applies to its principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions. A copy of the Code of Ethics will be furnished without charge upon written request to the Chief Financial Officer, Parke Bancorp, Inc., 601 Delsea Drive, Washington Township, New Jersey, 08080.

There have been no material changes to the procedures by which security holders may recommend nominees to the Registrant's Board of Directors since the date of the Registrant's last proxy statement mailed to its stockholders.

Item 11. Executive Compensation.

The information contained in the sections captioned "Executive Compensation," and "Director Compensation," in the Proxy Statement is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

(a) Security Ownership of Certain Beneficial Owners

The information contained in the section captioned "Principal Holders of our Common Stock" in the Proxy Statement is incorporated herein by reference.

(b) Security Ownership of Management

The information contained in the sections captioned “Principal Holders of our Common Stock” and “Proposal I – Election of Directors” in the Proxy Statement is incorporated herein by reference.

(c) Management of the Registrant knows of no arrangements, including any pledge by any person of securities of the Registrant, the operation of which may at a subsequent date result in a change in control of the Registrant.

(d) Securities Authorized for Issuance Under Equity Compensation Plans

Set forth below is information as of December 31, 2024, with respect to compensation plans under which equity securities of the Registrant are authorized for issuance.

Equity compensation plans approved by security holders	(a) Number of Securities to be issued upon exercise of outstanding options	(b) Weighted-average exercise price of outstanding options	(c) Number of securities remaining available for issuance under equity compensation plans (excluding securities reflected in column (a))
2020 Equity Incentive Plan	411,196	\$16.50	575,598
2015 Equity incentive plan	202,630	\$15.98	—
Equity compensation plans not approved by security holders			
None			
Total	613,826	\$16.33	575,598

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information contained in the sections captioned “Related Party Transactions” and “Corporate Governance” in the Proxy Statement is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services.

The information contained in the section captioned “Independent Auditors” in the Proxy Statement is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

- (a) Listed below are all financial statements, schedules and exhibits filed as part of this Form 10-K:
- 1 The consolidated balance sheets of Parke Bancorp, Inc. and subsidiary as of December 31, 2024 and 2023, and the related consolidated statements of income, comprehensive income, stockholders’ equity and cash flows for each of the years in the two-year period ended December 31, 2024, together with the related notes and the independent registered public accounting firm reports of S.R. Snodgrass, P.C., independent registered public accounting firm (PCAOB ID:74).
 - 2 Schedules omitted as they are not applicable.
 - 3 The following exhibits are included in this Report or incorporated herein by reference:
 - 3.1 [Certificate of Incorporation of Parke Bancorp, Inc. \(1\)](#)
 - 3.2 [Bylaws of Parke Bancorp, Inc. \(7\)](#)

3.3	<u>Certificate of Amendment setting forth the terms of the Registrant's 6.00% Non-Cumulative Perpetual Convertible Preferred Stock, Series B (2)</u>
4.1	<u>Specimen stock certificate of Parke Bancorp, Inc. (1)</u>
4.2	<u>Description of Capital Stock of Parke Bancorp, Inc. (7)</u>
10.1	<u>Amended Employment Agreement Between Bancorp, Bank and Vito S. Pantilione (3)</u>
10.2	<u>Supplemental Executive Retirement Plan (1)</u>
10.7	<u>2015 Equity Incentive Plan (4)</u>
10.9	<u>Management Change in Control Severance Agreement with Nicholas J. Pantilione</u>
10.12	<u>Management Change in Control Severance Agreement dated March 19, 2024 by and between Parke Bancorp, Inc. and Jonathan D. Hill (8)</u>
10.13	<u>Management Change in Control Severance Agreement with Ralph Gallo (3)</u>
10.14	<u>2020 Equity Incentive Plan (6)</u>
19	<u>Stock Trading Policy</u>
21	<u>Subsidiaries of the Registrant</u>
23.1	<u>Consent of S.R. Snodgrass, P.C.</u>
31.1	<u>Certification of CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
31.2	<u>Certification of CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
32	<u>Certification of CEO and CFO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
97	<u>Incentive Based Compensation Recovery Policy</u>
99.1	<u>Consent Order with the Federal Deposit Insurance Corporation dated October 8, 2020 (6)</u>
99.2	<u>Consent Order with the New Jersey Department of Banking and Insurance (6)</u>

101 The following materials from the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2024, formatted in Inline XBRL (Extensible Business Reporting Language): (i) the Consolidated Statements of Financial Condition, (ii) the Consolidated Statements of Operations; (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Changes in Stockholder's Equity, (v) the Consolidated Statements of Cash Flows and (vi) the 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 with 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 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 Company's Current Report on Form 8-K filed with the SEC on December 24, 2013 (File No. 000-51338).
(3) Incorporated by Reference to Company's Current Report on Form 8-K filed with the SEC on July 20, 2016 (File No. 000-51338).
(4) Incorporated by Reference to Company's Registration Statement on Form S-8 filed with the SEC on November 16, 2015 (File No. 333-208051).

(5) Incorporated by Reference to Company's Quarterly Report on Form 10-Q for the period ended March 31, 2020, filed with the SEC on May 8, 2020 (File No. 000-51338).

(6) Incorporated by Reference to Company's Current Report on Form 8-K filed with the SEC on October 9, 2020 (File No. 000-51338).

(7) Incorporated by Reference to Company's Annual Report on Form 10-K filed with the SEC on March 31, 2021 (File No. 000-51338).

(8) Incorporated by Reference to Company's Current Report on Form 8-K filed with the SEC on March 22, 2024 (File No. 000-51338).

Item 16. Form 10-K Summary

Not applicable

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Dated: March 12, 2025

By:

/s/ Vito S. Pantilione

Vito S. Pantilione
President, Chief Executive Officer and Director

Pursuant to the requirement of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on March 12, 2025.

/s/ Daniel J. Dalton

Daniel J. Dalton
Chairman of the Board and Director

/s/ Vito S. Pantilione

Vito S. Pantilione
President, Chief Executive Officer and Director

/s/ Arret F. Dobson

Arret F. Dobson
Director

/s/ Fred G. Choate

Fred G. Choate
Director

/s/ Jack C. Sheppard, Jr.

Jack C. Sheppard, Jr.
Director

/s/ Edward Infantolino

Edward Infantolino
Director

/s/ Jeffrey H. Kripitz

Jeffrey H. Kripitz
Director

/s/ Elizabeth Milavsky

Elizabeth Milavsky
Director

/s/ Jonathan D. Hill

Jonathan D. Hill
Senior Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Subsidiaries of the Registrant

Parent

Parke Bancorp, Inc.

Subsidiary	State or Other Jurisdiction Of Incorporation	Percentage Ownership
Parke Bank	New Jersey	100%
Parke Capital Trust I	Delaware	100%
Parke Capital Trust II	Delaware	100%
Parke Capital Trust III	Delaware	100%
Subsidiaries of Parke Bank		100%
PDL LLC	New Jersey	51%

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in Registration Statements File Nos. 333-128202, 333-134249, 333-208051, 333-255965, and 333-255966 on Form S-8 and the Registration Statements File No. 333-146121 and File No. 333-157631 on Form S-3 of Parke Bancorp, Inc. of our report dated March 12, 2025, relating to our audit of the consolidated financial statements, and the effectiveness of internal controls over financial reporting which appears in the Annual Report to Shareholders, which is incorporated in this Annual Report on Form 10-K of Parke Bancorp, Inc. for the year ended December 31, 2024.

/s/ S.R. Snodgrass, P.C.

Cranberry Township, Pennsylvania
March 12, 2025

CERTIFICATION

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

1. I have reviewed this Form 10-K of Parke Bancorp, Inc. for the year ended December 31, 2024;
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: March 12, 2025

/s/ Vito S. Pantilione

Vito S. Pantilione

President and Chief Executive Officer

CERTIFICATION

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

1. I have reviewed this Form 10-K of Parke Bancorp, Inc. for the year ended December 31, 2024;
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: March 12, 2025

/s/ Jonathan D. Hill

Jonathan D. Hill

Senior Vice President and Chief Financial Officer

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 Annual Report on Form 10-K for the year ended December 31, 2024 (the “Report”) of Parke Bancorp, Inc. (the “Company”) as filed with the Securities and Exchange Commission, we, Vito S. Pantilione, President and Chief Executive Officer, and Jonathan D. Hill, Senior Vice President and Chief Financial Officer, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Vito S. Pantilione

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

/s/ Jonathan D. Hill

Jonathan D. Hill
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

March 12, 2025