



Jeffersonville  
Bancorp

# ANNUAL REPORT

2024

## A letter from the President & Chairman of the Board

We are very pleased to report the third consecutive year of record financial performance for Jeffersonville Bancorp (the “Company”). Net income for the year ending 2024 totaled \$11,330,000, slightly exceeding the 2023 record of \$11,175,000. The Company earned \$1,679,000 in additional interest and fee income on loans in 2024. The Federal Reserve Board changed course on monetary policy, lowering interest rates by 100 bps beginning in September 2024, bringing the federal funds rate to a target range of 4.25-4.50%. Despite the lower rate environment for a portion of the year, most new and variable interest-bearing loan assets had higher yields on average outstanding balances than 2023. The Company paid \$3,191,000 in total interest expense for the year compared to \$2,616,000 for 2023. While this represented a \$575,000 increase from the prior year period, our deposit liabilities remain in a favorably lower-cost position than our peer group. Our disciplined balance sheet management strategy, exceptional customer service, comprehensive product and service delivery options and convenient branch network all combined to contribute to the strong financial performance.

The Company’s assets declined during 2024, ending the year at \$629,248,000 as compared to \$687,932,000 at year end 2023. During 2024, Jeff Bank repaid a higher cost brokered certificate of deposit in the amount of \$25,000,000 and repaid \$25,000,000 in short-term loan funding initiated through the Federal Reserve Discount Window as part of the Bank Term Funding Program, ending the year with no outstanding wholesale funding. The source of funds for repayment was cash and sale of lower yielding available for sale securities. This strategic action was earnings accretive while having the effect of reducing the balance sheet. During 2024, management continued to successfully focus on retention of lower-cost demand deposits rather than aggressively pursue higher cost deposits. Net of the brokered certificate of deposit, total deposits were down \$18,823,000 or 3.4%. The bank continues to have among the lowest cost of funding in our peer group while maintaining a dominant deposit market share position in Sullivan County, NY. The Company’s liquidity profile continues to remain favorable with on-balance sheet cash and sufficient access to various lines of credit including collateral secured lines at the Federal Reserve Discount Window and the Federal Home Loan Bank.

Jeff Bank’s loan portfolio grew slightly during the year to \$335,375,000 from \$334,187,000. Real estate market conditions continue to remain favorable with low levels of residential inventory and elevated sales prices, but the volume of transactions was lower compared with prior year periods corresponding to less overall loan demand. Non-performing loans, loans where the collection of principal and interest is in doubt, continued to decrease. Credit quality in the loan portfolio during the year remained stable, with charge-offs and past due loans at historically low levels. The Bank had provision for credit loss expense totaling \$231,000 for the year. Management prudently monitors changing market conditions balancing credit risk with meeting the needs of our community while earning a fair return.

As a result of the strong earnings performance in preceding years, the Company’s capital position has significantly grown. Under the simplified leverage capital requirement rule for community banks, the Company had a 13.9% leverage capital ratio at year-end 2024 versus the minimum capital buffer of 9.0%. This was an increase from the prior year period which ended 2023 at 11.9% and is considered to be “Well-Capitalized” per FDIC prompt corrective action regulations. Management believes this conservative capital planning strategy is appropriate for the size and risk profile of the bank.

In March 2025, Senior Vice President and Retail Banking Administrator, Rhonda Decker retired from the bank. During her forty-one-year career with Jeff Bank, she worked in many retail capacities, ably serving the needs of our customers, employees and shareholders. Rhonda was also the bank’s physical security officer and an ardent supporter of the need for increased consumer education on various types of financial fraud and elder financial abuse. Rhonda will be sorely missed. Her succession was well-planned with Vice President Margaret Blaut assuming the role of Retail Banking Administrator. Thank you, Rhonda, for your many years of service to all of Jeff Bank’s stakeholders.

In summary, we’re humbly proud of the record-setting financial performance achieved in 2024. As a result of the strong financial performance, the board of directors was pleased to announce a special cash dividend of twenty-five cents (\$0.25) per share in January 2025. This represented a ten cent (\$0.10) increase in the amount of the special cash dividend paid in 2024 of fifteen cents (\$0.15) per share. The Company’s core values are based upon trust, integrity and respect. These values are built into our customer service model and are deeply rooted in the corporate culture at Jeff Bank. The continued financial success of the bank is directly attributable to the dedication of our employees who aspire to provide trusted, exceptional service in every customer interaction. As always, thank you for your continued confidence as shareholders. Please don’t hesitate to contact us should you have any questions about this report.



A handwritten signature in orange ink that reads "George W. Kinne, Jr." in a cursive style.

George W. Kinne, Jr.,  
President & Chief Executive Officer



A handwritten signature in orange ink that reads "K.C. Klein" in a cursive style.

Kenneth C. Klein,  
Chairman of the Board



## INDEPENDENT AUDITOR'S REPORT

Board of Directors and Stockholders  
Jeffersonville Bancorp  
Jeffersonville, New York

### **Opinion**

We have audited the accompanying consolidated financial statements of Jeffersonville Bancorp and subsidiary (the "Company"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023; the related consolidated statements of income, comprehensive income, changes in stockholders' 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 accompanying 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 accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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## **Responsibilities of Management for the Financial Statements (Continued)**

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Other Information Included in Annual Report**

Management is responsible for the other information included in the annual report. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.





**Other Information Included in Annual Report (Continued)**

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

A handwritten signature in black ink that reads "S.R. Snodgrass, P.C." The signature is written in a cursive style and is positioned above the typed name and date.

Cranberry Township, Pennsylvania  
March 7, 2025

**Jeffersonville Bancorp and Subsidiary**  
**Consolidated Balance Sheets**

(In thousands, except share and per share data)

As of December 31,	2024	2023
<b>ASSETS</b>		
Cash	\$ 10,872	\$ 8,300
Federal Reserve Bank	53,697	73,908
Total Cash and Cash Equivalents	64,569	82,208
Securities available for sale, at fair value	177,858	220,987
Equity securities at fair value	578	517
Securities held to maturity, net of allowance for credit losses of \$0 at December 31, 2024 and 2023 fair value of \$7,302 at December 31, 2024 and \$6,643 at December 31, 2023	7,180	6,703
Loans, net of allowance for credit losses of \$4,357 at December 31, 2024 and \$4,311 at December 31, 2023	335,375	334,187
Accrued interest receivable	2,647	2,965
Bank-owned life insurance	20,462	20,309
Foreclosed real estate	492	492
Premises and equipment including right of use assets, net	5,980	5,753
Restricted investments	526	506
Prepaid pension	7,570	6,592
Other assets	6,011	6,713
Total Assets	\$ 629,248	\$ 687,932
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Liabilities		
Deposits:		
Demand deposits (non-interest bearing)	\$ 177,410	\$ 180,096
NOW and super NOW accounts	105,671	108,905
Savings and insured money market deposits	187,814	195,608
Brokered deposits	—	25,004
Time deposits	59,683	64,792
Total Deposits	530,578	574,405
FRB borrowing	—	25,000
Operating lease liability for right of use assets	263	346
Other liabilities	7,242	7,414
Total Liabilities	538,083	607,165
Stockholders' equity		
Series A preferred stock, no par value; 2,000,000 shares authorized, none issued	—	—
Common stock, \$0.50 par value; 11,250,000 shares authorized, 4,767,786 shares issued with 4,234,505 outstanding	2,384	2,384
Paid-in capital	6,483	6,483
Treasury stock, at cost; 533,281 shares	(4,965)	(4,965)
Retained earnings	97,208	89,055
Accumulated other comprehensive loss	(9,945)	(12,190)
Total Stockholders' Equity	91,165	80,767
Total Liabilities and Stockholders' Equity	\$ 629,248	\$ 687,932

See accompanying notes to consolidated financial statements.

**Jeffersonville Bancorp and Subsidiary**  
**Consolidated Statements of Income**  
(In thousands, except per share data)

For the Years Ended December 31,	2024	2023
<b>INTEREST AND DIVIDEND INCOME</b>		
Loan interest and fees	\$ 19,412	\$ 17,733
Securities:		
Taxable	4,417	4,779
Tax-exempt	2,580	2,654
Other interest and dividend income	<u>4,087</u>	<u>4,242</u>
Total Interest and Dividend Income	30,496	29,408
<b>INTEREST EXPENSE</b>		
FRB Borrowings	1,201	530
Deposits	<u>1,990</u>	<u>2,086</u>
Total Interest Expense	<u>3,191</u>	<u>2,616</u>
Net interest income	27,305	26,792
Provision for (reversal of) credit losses – loans	204	(419)
Provision for (reversal of) credit losses – off balance sheet commitments	<u>27</u>	<u>(108)</u>
Net Interest Income after Provision for (Reversal of) Credit Losses	<u>27,074</u>	<u>27,319</u>
<b>NON-INTEREST INCOME</b>		
Service charges on deposit accounts	911	913
Fee income	1,800	1,922
Earnings on bank-owned life insurance	783	304
Net loss on securities available for sale sold or called	(219)	(883)
Net gain on equity securities sold	—	51
Gain (loss) gain on equity securities, change in fair value, net	61	(123)
Gain on sale of foreclosed properties	191	—
Gain on sale of premises	—	338
Other non-interest income	<u>239</u>	<u>251</u>
Total Non-Interest Income	<u>3,766</u>	<u>2,773</u>
<b>NON-INTEREST EXPENSES</b>		
Salaries and employee benefits	10,160	9,881
Occupancy and equipment expenses	1,697	1,643
Advertising expense	172	155
Foreclosed real estate expense	77	20
Fees for professional services	350	332
Data processing expense	1,146	1,190
Other non-interest expenses	<u>2,952</u>	<u>2,768</u>
Total Non-Interest Expenses	<u>16,554</u>	<u>15,989</u>
Income before income tax expense	14,286	14,103
Income tax expense	<u>2,956</u>	<u>2,928</u>
Net Income	<u>\$ 11,330</u>	<u>\$ 11,175</u>
Basic earnings per common share	<u>\$ 2.68</u>	<u>\$ 2.64</u>
Average common shares outstanding	<u>4,235</u>	<u>4,235</u>
Cash dividends declared per share	<u>\$ 0.75</u>	<u>\$ 0.70</u>

See accompanying notes to consolidated financial statements.

**Jeffersonville Bancorp and Subsidiary**  
**Consolidated Statements of Comprehensive Income**  
(In thousands)

For the Years Ended December 31,	2024	2023
Net Income	\$ 11,330	\$ 11,175
Other comprehensive income		
Securities available for sale:		
Net unrealized holding gains	1,590	3,615
Income tax expense	<u>(416)</u>	<u>(944)</u>
Net unrealized holding gains, net of tax	1,174	2,671
Reclassification adjustment for net realized losses included in income <sup>(1) (3)</sup>	219	883
Income tax expense	<u>(57)</u>	<u>(231)</u>
Reclassification adjustment for net realized losses included in income, net of tax	162	652
Change in pension and post retirement liabilities <sup>(2)</sup>	1,230	842
Income tax expense <sup>(3)</sup>	<u>(321)</u>	<u>(220)</u>
Amortization of pension and post retirement liabilities' gains, net of tax	<u>909</u>	<u>622</u>
Reclassification adjustment for amortization of unrecognized pension loss <sup>(2)</sup>	—	47
Income tax benefit	<u>—</u>	<u>(12)</u>
Amortization of unrecognized pension loss, net of tax	<u>—</u>	<u>35</u>
Other comprehensive income net of tax	<u>2,245</u>	<u>3,980</u>
Comprehensive income	<u>\$ 13,575</u>	<u>\$ 15,155</u>

(1) Amounts are included in net gain on sales of securities on the Consolidated Statements of Income as a separate element in total non-interest income.

(2) Amounts are included in the computation of net periodic benefit cost and are included in salaries and employee benefits as a separate element within total non-interest expense on the Consolidated Statements of Income.

(3) Income tax amounts are included in income tax expense on the Consolidated Statements of Income.

See accompanying notes to consolidated financial statements.



**Jeffersonville Bancorp and Subsidiary**  
**Consolidated Statements of Changes in Stockholders' Equity**  
(In thousands, except per share data)

For the Years Ended December 31, 2024 and 2023	Common stock	Paid-in capital	Treasury stock	Retained earnings	Accumulated other compre- hensive loss	Total stockholders' equity	Common shares issued and outstanding
Balance at January 1, 2023	\$ 2,384	\$ 6,483	\$ (4,965)	\$ 81,049	\$ (16,170)	\$ 68,781	4,235
Cumulative adjustment for change in accounting principal for adoption of ASU 2016-13	—	—	—	(204)	—	(204)	—
Net income	—	—	—	11,175	—	11,175	—
Other comprehensive income	—	—	—	—	3,980	3,980	—
Cash dividends (\$0.70 per share)	—	—	—	(2,965)	—	(2,965)	—
Balance at December 31, 2023	2,384	6,483	(4,965)	89,055	(12,190)	80,767	4,235
Net income	—	—	—	11,330	—	11,330	—
Other comprehensive income	—	—	—	—	2,245	2,245	—
Cash dividends (\$0.75 per share)	—	—	—	(3,177)	—	(3,177)	—
Balance at December 31, 2024	<u>\$ 2,384</u>	<u>\$ 6,483</u>	<u>\$ (4,965)</u>	<u>\$ 97,208</u>	<u>\$ (9,945)</u>	<u>\$ 91,165</u>	<u>4,235</u>

See accompanying notes to consolidated financial statements.

**Jeffersonville Bancorp and Subsidiary**  
**Consolidated Statements of Cash Flows**  
(In thousands)

For the Years Ended December 31,	2024	2023
<b>OPERATING ACTIVITIES:</b>		
Net income	\$ 11,330	\$ 11,175
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for (reversal of) credit losses - loans	204	(419)
Provision for (reversal of) expected credit losses – off balance sheet commitments	28	(108)
Depreciation and amortization	582	535
Repayment of operating lease liabilities	(83)	(81)
Amortization of bond premium, net	1,017	1,161
Net loss (gain) on disposal of premises and equipment	10	(338)
Net gain on revaluation and sale of foreclosed real estate	(191)	—
Earnings on bank-owned life insurance and benefit	(783)	(304)
Net losses on securities available for sale sold or called	219	883
Net gains on equity securities sold	—	(51)
(Gain) loss on equity securities due to the change in fair value	(61)	123
Deferred income tax expense (income)	15	(89)
Decrease in prepaid pension expense	193	6
Decrease in accrued interest receivable	318	20
Increase in other assets	(107)	(546)
(Decrease) increase in other liabilities	(141)	416
Net Cash Provided by Operating Activities	<u>12,550</u>	<u>12,383</u>
<b>INVESTING ACTIVITIES:</b>		
Proceeds from maturities and calls:		
Securities available for sale	20,172	16,327
Securities held to maturity	3,884	5,001
Proceeds from sales of available for sale	23,541	8,877
Proceeds from sales of equity securities	—	1,093
Purchases:		
Securities held to maturity	(4,372)	(3,509)
Net increase in loans	(2,367)	(13,811)
Proceeds from bank-owned life insurance benefit	1,550	—
Purchase of bank-owned life insurance	(920)	—
Purchase of restricted investments	(22)	(25)
Redemption of restricted investments	2	2
Proceeds from sale of premises and equipment, net	3	432
Purchases of premises and equipment	(822)	(820)
Proceeds from sales of foreclosed real estate	1,166	—
Net Cash Provided by Investing Activities	<u>41,815</u>	<u>13,567</u>
<b>FINANCING ACTIVITIES:</b>		
Net decrease in deposits	(43,827)	(42,527)
(Decrease) increase in FRB borrowing	(25,000)	25,000
Cash dividends paid	(3,177)	(2,965)
Net Cash Used in Financing Activities	<u>(72,004)</u>	<u>(20,492)</u>
Net (Decrease) Increase in Cash	(17,639)	5,458
Cash and cash equivalents at Beginning of Year	<u>82,208</u>	<u>76,750</u>
Cash and cash equivalents at End of Year	<u>\$ 64,569</u>	<u>\$ 82,208</u>
<b>SUPPLEMENTAL INFORMATION:</b>		
Cash paid for interest	\$ 3,588	\$ 2,193
Cash paid for income taxes	2,384	3,219
Transfer of loans to other real estate owned	975	—
Cumulative Adjustment for adoption of ASU 326	—	(204)

See accompanying notes to consolidated financial statements.

**(1) Summary of Significant Accounting Policies**

***Basis of Presentation***

The consolidated financial statements of Jeffersonville Bancorp (the Parent Company) include its wholly owned subsidiary, Jeff Bank (the Bank). Collectively, Jeffersonville Bancorp and its subsidiary are referred to herein as the "Company" with all significant intercompany transactions having been eliminated.

The Parent Company is a bank holding company whose principal activity is the ownership of all outstanding shares of the Bank's stock. The Bank is a commercial bank providing community banking services to individuals, small businesses, and local municipal governments primarily in Sullivan County, New York.

The consolidated financial statements have been prepared, in all material respects, in conformity with accounting principles generally accepted in the United States of America. In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Material estimates that are particularly susceptible to near-term change include the allowance for credit losses, the review of available for sale securities for impairment and the assets, liabilities and expenses associated with benefit plans which are described below. Actual results could differ from these estimates.

For purposes of the consolidated statements of cash flows, the Company considers cash, due from banks, and federal funds sold, if any, to be cash equivalents.

Reclassifications have been made to prior year's consolidated financial statements whenever necessary to conform to the current year's presentation. These reclassifications, if any, had no impact on net income or stockholders' equity.

The Company has evaluated subsequent events and transactions occurring through March 20, 2025; the date these consolidated financial statements were available for issuance.

***Investment Securities***

Management determines the appropriate classification of securities at the time of purchase. If management has the positive intent and ability to hold debt securities to maturity, they are classified as securities held to maturity (HTM) and are stated at amortized cost. All other debt and marketable securities are classified as securities available for sale (AFS). Both available for sale and equity securities are reported at fair value. Net unrealized gains or losses on securities available for sale are reported (net of income taxes) in stockholders' equity as a component of accumulated other comprehensive loss. Both changes in fair value and gains or losses on disposal of equity securities are recognized through profit or loss and included under non-interest income. Restricted investments, which are nonmarketable equity securities, are carried at cost. Gains and losses on sales of debt securities are based on the net proceeds and the amortized cost of the debt securities sold, using the specific identification method. The amortization of premiums on debt securities is calculated using the level-yield interest method to the earlier of the call date or maturity date while the accretion of discounts on debt

securities is calculated using the level yield method to the maturity date.

For securities held in the AFS portfolio, the Bank must determine whether a decline in fair value below the amortized cost basis has resulted from a credit loss or other factors. The Bank must record impairment relating to credit losses through an allowance for credit losses. The allowance shall be limited by the amount that the fair value is less than the amortized cost basis. An unrealized loss that has not been recorded through an allowance for credit losses is recorded through other comprehensive income, net of applicable taxes. A determination as to whether a decline in fair value below cost represents a credit loss will, at a minimum, be made at each quarter-end. To evaluate securities for credit losses, the Bank first identifies securities which are in a loss position at quarter end. All "under-water" AFS securities are considered for credit losses by both the Controller and the Chief Financial Officer in this initial review based on the criteria cited in this policy. The Chief Financial Officer and/or Controller may consult the Bank's approved brokers and research other sources of financial information to assist in their review. A final determination of whether a security has credit losses is then made by the Chief Financial Officer considering input from various sources using the criteria cited below. The meaning of a credit loss will be determined in accordance with ASC 326-35-6. In general, If the present value of cash flows expected to be collected is less than the amortized cost basis of the security, a credit loss exists and an allowance for credit losses shall be recorded for the credit loss. If unrealized losses are caused by changes in interest rates or other temporary factors and not credit quality, and the Bank does not intend to sell the investments and it is not more likely than not that the Bank will be required to sell the investments before recovery of their amortized cost basis, the investment is not considered to have a credit loss. If a security is deemed to have a credit loss based on the above factors or if the bank has developed a plan to sell the security or it is likely that the bank will be forced to sell the security in the near future, then the unrealized loss will be deemed a credit loss and the carrying value will be written down to the current fair value with the difference between the new carrying value and the amortized cost charged to earnings and offset by a credit to allowance for credit losses. Accrued interest receivable of AFS debt securities totaled \$1,531,000 and \$1,817,000 at December 31, 2024 and 2023, respectively, and is included within accrued interest receivable on the consolidated balance sheet. No credit losses were recognized for the years ended December 31, 2024 or 2023. For further discussion see Note 3.

The Bank measures expected credit losses on HTM debt securities, which are comprised of obligations of state and political subdivisions. These securities are issued by governmental entities, are highly rated and have a long history of no credit losses. Accrued interest receivable on HTM debt securities totaled \$139,000 and \$122,000 at December 31, 2024 and 2023, respectively, and is included within the accrued interest receivable on the consolidated balance sheet. This amount is excluded from the estimate of expected credit losses. HTM debt securities are typically classified as nonaccrual when the contractual payment of principal or interest has become 90 days past due or management has doubts about the further collectability of principal or interest. When HTM debt securities are placed on nonaccrual status, unpaid interest credited to income is reversed.

## **Loans**

Loans are stated at unpaid principal balances, less deferred loan fees and costs, and the allowance for credit losses. Deferred loan fees and costs are accreted into income using a level-yield interest method. Accrued interest receivable totaled \$977,000 and \$1,026,000 at December 31, 2024 and 2023, respectively, and is reported in accrued interest receivable on the consolidated balance sheet and is excluded from the estimate of credit losses. Interest income is recognized on the accrual basis of accounting. When, in the opinion of management, the collection of interest or principal is in doubt, the loan is classified as nonaccrual. Loans past due more than 90 days are classified as nonaccrual except for residential mortgages that are well secured (loan to value 60% or less) and in the process of collection. When a loan is placed on nonaccrual status, unpaid interest credited to income is reversed. Thereafter, no interest is recognized as income until it is received in cash, and the loan's collateral is adequate to support both the interest recognized and the loan balance, or until the borrower demonstrates the ability to make scheduled payments of interest and principal, and the loan has remained current for a period of at least six months. Interest received on nonaccrual loans, including impaired loans, generally is applied against principal. Generally, loans are restored to accrual status when the obligation is brought current, has performed in accordance with the contractual terms for a reasonable period of time, and the ultimate collectability of the total contractual principal and interest is no longer in doubt. The past due status of all classes of loans receivable is determined based on contractual due dates for loan payments. For further discussion see Note 5.

## **Allowance for Credit Losses**

The allowance for credit losses (ACL) is a valuation reserve established and maintained by charges against income and is deducted from the amortized cost basis of loans to present the net amount expected to be collected on the loans. Loans, or a portion thereof, are charged off against the ACL when they are deemed uncollectible. Expected recoveries do not exceed the aggregate amounts previously charged off and expected to be charged off.

A loan is individually evaluated when, based on current information and events, it is probable that the Company will be unable to collect all principal and interest contractually due. Individually evaluated loan disclosures and classification apply to loans that are individually evaluated for collectability in accordance with the Company's ongoing loan review procedures, principally commercial mortgage loans and commercial loans. Smaller balance, homogeneous loans, which are collectively evaluated, such as consumer and residential mortgage loans, are individually evaluated only when such loans are placed in nonaccrual status. Individually evaluated loans are measured based on (i) the present value of expected future cash flows discounted at the loan's effective interest rate, (ii) the loan's observable market price or (iii) the fair value of the collateral if the loan is collateral dependent. Impairment for a majority of the Company's individually evaluated loans is based on the value of the underlying collateral. If the approach used results in a measurement that is less than an individually evaluated loan's recorded investment, a loss is recognized as part of the allowance for credit losses.

Management uses the SCALE method which is a simple, spreadsheet-based method developed by the Federal Reserve to assist smaller community banks, under \$1 billion in assets, in calculating CECL compliant allowances for credit losses (ACLs). For further discussion see note 5.

## **Allowance for Credit Losses on Off-Balance Sheet Credit Exposures**

The Bank has various unfunded loan commitments that are not reflected on its balance sheet. Because off-balance sheet exposures are legally binding agreements to extend credit under certain terms and conditions, they can expose the Bank to credit losses. The bank is required to record a liability for expected credit losses (ECL) on unfunded loan commitments, estimated over the contractual period in which the Bank is exposed to credit risk, unless that obligation is unconditionally cancellable by the Bank. The liability for expected credit losses for the years ended December 31, 2024 and 2023 was \$140,000 and \$112,000, respectively, and is included in other liabilities on the balance sheet.

## **Bank-Owned Life Insurance**

The investment in bank-owned life insurance, which covers certain officers of the Bank, is carried at the policies' cash surrender value. Additional investments are initially recorded at cost. Increases in the cash surrender value of bank-owned life insurance, net of premiums paid, are included in non-interest income. Liabilities and related compensation costs for employees that are not limited to the employee's active service period are recognized according to ASC Topic 715 *Compensation-Retirement Benefits*.

The Company follows accounting guidance for deferred compensation and post-retirement aspects of endorsement and split dollar life insurance arrangements. This guidance applies to life insurance arrangements that provide an employee with a specified benefit that is not limited to the employee's active service period, including certain bank-owned life insurance policies, and requires an employer to recognize a liability and related compensation costs for future benefits that extend to post-retirement periods.

## **Foreclosed Real Estate**

Foreclosed real estate consists of properties acquired through foreclosure or voluntary forfeiture and is stated on an individual-asset basis at fair value less estimated costs to sell at initial foreclosure, establishing a new cost basis. When a property is acquired, any excess of the loan balance over the fair value of the property is charged to the allowance for loan losses. If necessary, subsequent write downs to reflect further declines in fair value are included in non-interest expense. Fair value estimates are based on independent appraisals and other available information. While management estimates losses on foreclosed real estate using the best available information, such as independent appraisals, future write downs may be necessary based on changes in real estate market conditions and the results of regulatory examinations. Operating costs associated with the properties are charged to expense as incurred and any rental income received from these properties is recognized as foreclosed real estate income in the period collected.

## **Premises and Equipment**

Premises and equipment are stated at cost, less accumulated depreciation and amortization. Land is stated at cost. Depreciation and amortization are provided over the estimated useful lives of the assets using straight-line or accelerated methods. Leasehold improvements are amortized over the shorter of their estimated useful lives or their respective lease terms. For further discussion see Note 6.

## **Restricted Investments**

As a member institution of the Federal Home Loan Bank of New York ("FHLB") and other institutions, the Bank is required to hold a certain amount of these equity stocks. For further discussion see Note 4.



### Advertising Costs

Advertising costs are expensed as incurred and are included in non-interest expenses.

### Leases

Lease agreements with terms greater than 12 months are reviewed at inception or extension to determine whether the lease qualifies as an operating lease. A discount rate is applied to determine the present value of the lease payments and the value of the accompanying right of use asset. The Company uses its risk-free borrowing rate at lease inception and management's estimate of a reasonable lease term. For further discussion see Note 6.

### Revenue Recognition

Management has determined that the primary sources of revenue from interest and dividend income on loans and investments along with non-interest revenue from security gains, loan fees, and bank-owned life insurance income are not within the scope of ASC 606 *Revenue from Contracts with Customers*. As a result, no changes were made to these sources of revenue.

#### Service charges on deposit accounts:

The Bank has Terms and Conditions Agreements with its deposit customers where fees are charged if the account balance falls below predetermined levels defined as compensating balances. These agreements can be modified with at least 30 days written notice to the customer. Revenue from these transactions is recognized on a monthly basis as the Bank has an unconditional right to the fee consideration. The Bank also has transaction fees that include overdraft fees, wire transfer fees, stop payment fees, and other transactional fees. These fees are attributable to specific performance obligations of the Bank where the revenue is recognized at a defined point in time and at the completion of the requested service or transaction.

#### Interchange fees:

The Bank has contracts with third party affiliates which manage the Bank's debit cards. Revenues are generated by the interchange charged by the card networks on point-of-sale transactions and debit transactions. Income is recognized upon completion of the transaction.

#### Other non-interest income:

Other non-interest income consists of fees for certain services provided by the Bank. These services include safe deposit box rentals, teller checks, and wire transfers. The income for these services is recognized at the time the service is provided. Gains and losses on the sale of other real estate is recognized at the completion of the sale of the property.

The following table shows the disaggregation of revenue derived from contracts with customers by nature, amount, and timing as of December 31, 2024 and 2023:

Revenue Streams	2024	2023
Service charges on deposit accounts:		
Overdraft fees	\$ 662	\$ 681
Service charges	230	216
Other customer service charges	19	16
Total Service Charges on Deposit Accounts	<u>\$ 911</u>	<u>\$ 913</u>

#### Fee Income:

Interchange income, net:		
Interchange fees	\$ 1,825	\$ 1,945
Interchange expenses	(64)	(63)
Other fee income	39	40
Net Interchange Income	<u>\$ 1,800</u>	<u>\$ 1,922</u>
Other Non-Interest Income	<u>\$ 239</u>	<u>\$ 251</u>
Gain on Sale of		
Foreclosed Real Estate	<u>\$ 191</u>	<u>\$ —</u>

### Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the consolidated financial statement carrying amounts of existing assets and liabilities reported in the consolidated financial statements and their respective tax bases. Deferred tax assets are reduced by a valuation allowance when management determines that it is more likely than not that all or a portion of the deferred tax assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company recognizes the benefit of an uncertain tax position in the financial statements only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the consolidated financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant taxing authority. For these analyses, the Company may engage attorneys to provide opinions related to the positions. The Company applies this policy to all tax positions for which the statute of limitations remains open. There are no uncertain tax positions that materially impact the Company's consolidated balance sheet or statement of operations. The Company records any interest and penalties related to uncertain tax positions in income tax expense in the consolidated statement of operations in the year assessed. For further discussion see Note 10.

### Segment Reporting

While the chief decision-makers monitor the revenue stream of the various products and services, operations are managed and financial performance is evaluated on a Corporation-wide basis. The Company has identified one reportable segment consisting of Community Banking. For further discussion see Note 11.

### Earnings Per Common Share

The Company has a simple capital structure. Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding for the period.

### Recent Accounting Pronouncements

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which requires public entities to disclose information about their reportable segments' significant expenses on an interim and annual basis. This ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early

adoption is permitted. Public entities are required to adopt the changes retrospectively, recasting each prior-period disclosure for which a comparative income statement is presented in the period of adoption. This Update was adopted as of December 15, 2024 and is discussed in Note 11.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which provides for improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. This guidance is effective for public business entities for annual periods beginning after December 15, 2024, and for annual periods beginning after December

15, 2025, for all other entities. This Update is not expected to have a significant impact on the Company's financial statements.

## 2) Cash

The Bank maintains certain reserves in the form of vault cash and/or deposits with the Federal Reserve Bank (FRB). There was no reserve requirement by the FRB at December 31, 2024 or 2023. Cash and due from banks includes interest earning deposits at the FRB. As of December 31, 2024 and 2023, the Bank had deposits with correspondent banks in excess of federally insured limits in the amount of \$0.04 million and \$1.7 million, respectively.

## (3) Investment Securities

The amortized cost, allowance for credit losses, and fair value of available for sale and held to maturity securities at December 31 are as follows (in thousands):

Investment Securities	Amortized Cost	Gross unrealized		ACL	Fair Value
		Gains	Losses		
<b>December 31, 2024</b>					
Securities Available for Sales:					
Government Sponsored Enterprises (GSE)	\$ 1,561	\$ —	\$ (140)	\$ —	\$ 1,421
Obligations of states and political subdivisions	117,512	42	(7,996)	—	109,558
Mortgage-backed securities and collateralized mortgage obligations – GSE residential	8,980	—	(1,015)	—	7,965
Corporate debt	<u>62,592</u>	<u>50</u>	<u>(3,728)</u>	<u>—</u>	<u>58,914</u>
Total securities available for sale	<u>\$ 190,645</u>	<u>\$ 92</u>	<u>\$ (12,879)</u>	<u>\$ —</u>	<u>\$ 177,858</u>
Securities Held to Maturity – Obligations of:					
States and political subdivisions	<u>\$ 7,180</u>	<u>\$ 164</u>	<u>\$ (42)</u>	<u>\$ 7,302</u>	<u>\$ —</u>

Investment Securities	Amortized Cost	Gross unrealized		ACL	Fair Value
		Gains	Losses		
<b>December 31, 2023</b>					
Securities Available for Sales:					
Government Sponsored Enterprises (GSE)	\$ 26,945	\$ —	\$ (722)	\$ —	\$ 26,223
Obligations of states and political subdivisions	124,834	168	(6,658)	—	118,344
Mortgage-backed securities and collateralized mortgage obligations – GSE residential	11,844	2	(1,135)	—	10,711
Corporate debt	<u>71,960</u>	<u>27</u>	<u>(6,278)</u>	<u>—</u>	<u>65,709</u>
Total securities available for sale	<u>\$ 235,583</u>	<u>\$ 197</u>	<u>\$ (14,793)</u>	<u>\$ —</u>	<u>\$ 220,987</u>

Securities Held to Maturity – Obligations of:	Amortized Cost	Gross unrealized		Fair Value	ACL
		Gains	Losses		
States and political subdivisions	<u>\$ 6,703</u>	<u>\$ 17</u>	<u>\$ (77)</u>	<u>\$ 6,643</u>	<u>\$ —</u>

Included in securities available for sale are Government Sponsored Enterprises (GSE) including securities of the Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC or “Freddie Mac”), Government National Mortgage Association (GNMA or “Ginnie Mae”), and Federal National Mortgage Association (FNMA or “Fannie Mae”). FHLB, FHLMC, and FNMA securities are not backed by the full faith of the U.S. government. Also included are agency bonds issued by Federal Government agencies such as the Small Business Administration (SBA). Because of different structures, liquidity, and possible call risk, SBA’s may provide a slightly higher rate of interest than Treasury bonds. Substantially all mortgage-backed securities and collateralized mortgage obligations consist of residential mortgage securities and are securities guaranteed by Ginnie Mae, Freddie Mac, or Fannie Mae. Obligations of state and political subdivisions are primarily general obligation and revenue bonds of state and local municipalities,

agencies, and authorities. General obligation bonds generally must have a nationally recognized statistical rating organization (NRSRO) investment grade rating in the top four categories (S&P “BBB-” or higher). Revenue bonds generally must have an NRSRO rating in the top three categories (S&P “A” or higher). Corporate debt securities are comprised of bonds with an NRSRO rating in the top four investment grades (S&P “BBB-” or higher).

The contractual terms of the government sponsored enterprise securities and the obligations of state and political subdivisions require the issuer to settle the securities at par upon maturity of the investment. The contractual cash flows of the mortgage-backed securities and collateralized mortgage obligations are guaranteed by various Government agencies or government sponsored enterprises such as FHLMC, FNMA, and GNMA.

Securities held to maturity consist of obligations of state and political subdivisions which are primarily general obligation bonds of municipalities local to the Company and are typically not rated by a NRSRO. In accordance with federal regulations, the Company performs an analysis of the finances of the municipalities to determine that the bonds are the credit equivalent of investment grade bonds.

There were no sales of securities held to maturity during the years ended December 31, 2024 or 2023.

Proceeds from sale, gross gains and gross losses realized on sales of securities were as follows for the years ended December 31 (in thousands).

Net Security Gains	2024	2023
Gross proceeds	\$ 23,541	\$ 8,877
Gross realized gains	\$ 3	\$ 27
Gross realized losses	<u>(223)</u>	<u>(825)</u>
Net loss on sale of securities	<u>\$ (220)</u>	<u>\$ (798)</u>

In 2024, additional gains of \$2,000 and losses of \$1,000 were recognized on calls of \$2,587,000 and in 2023, additional gains of \$7,000 and losses of \$92,000 were recognized on calls of \$1,236,000 available for sale securities where the call amount did not equal the amortized cost of those securities.

The amortized cost and estimated fair value of debt securities available for sale and held to maturity at December 31, 2024, by remaining period to contractual maturity, are shown in the following table (in thousands). Actual maturities will differ from contractual maturities because of security prepayments and the right of certain issuers to call or prepay their obligations.

<b>Available for Sale Securities</b>	<b>Amortized cost</b>	<b>Fair value</b>	<b>Held to Maturity Securities</b>	<b>Amortized cost</b>	<b>Fair value</b>
Within one year	\$ 66,676	\$ 64,088	Within one year	\$ 3,692	\$ 3,703
One to five years	102,536	94,722	One to five years	1,154	1,144
Five to ten years	12,453	11,083	Five to ten years	1,119	1,147
Over ten years	—	—	Over ten years	<u>1,215</u>	<u>1,308</u>
	<u>181,665</u>	<u>169,893</u>		<u>\$ 7,180</u>	<u>\$ 7,302</u>
Mortgage-backed securities	8,980	7,965			
	<u>\$ 190,645</u>	<u>\$ 177,858</u>			

Equity securities totaled \$578,000 at December 31, 2024 which incorporates a recognized gain of \$61,000 due to the change in fair market value during the year. At December 31, 2023, equity securities totaled \$517,000 which incorporates a recognized loss on equity investments of \$123,000 due to the change in fair market value during the year. There were no sales of equity securities in 2024. For the year ended December 31, 2023, sales of equity securities generated proceeds of \$1,093,000 and a net realized gain of \$51,000. There were no purchases of equity securities in 2024 or 2023.

Securities available for sale with an estimated fair value of \$34,459,000 and \$57,926,000 at December 31, 2024 and 2023, respectively, were pledged to secure public funds on deposit and for other purposes.

Investment securities classified as available for sale in a continuous unrealized loss position for which an allowance for credit losses has not been recorded are reflected in the following table which groups individual securities by length of time that they have been in a continuous unrealized loss position and then details by investment category the number of instruments aggregated with their gross unrealized losses and fair values at December 31, 2024 and 2023 (dollars in thousands):

<b>Investment Securities</b>	<b>Less than 12 months</b>			<b>12 months or more</b>			<b>Total</b>		
	<b>No.</b>	<b>Fair value</b>	<b>Unrealized losses</b>	<b>No.</b>	<b>Fair value</b>	<b>Unrealized losses</b>	<b>No.</b>	<b>Fair value</b>	<b>Unrealized losses</b>
<b>December 31, 2024</b>									
Securities Available for Sale:									
Government agencies	—	\$ —	\$ —	7	\$ 1,421	\$ (140)	7	\$ 1,421	\$ (140)
Obligations of states and political subdivisions	57	17,206	(242)	294	76,576	(7,754)	351	93,782	(7,996)
Mortgage-backed securities and Collateralized mortgage obligations – GSE residential	—	—	—	37	7,920	(1,015)	37	7,920	(1,015)
Corporate debt	2	1,092	(5)	71	51,854	(3,723)	73	52,946	(3,728)
Total securities available for sale	<u>59</u>	<u>\$ 18,298</u>	<u>\$ (247)</u>	<u>409</u>	<u>\$137,771</u>	<u>\$ (12,632)</u>	<u>468</u>	<u>\$ 156,069</u>	<u>\$ (12,879)</u>
Securities Held to Maturity:									
Obligation of states and political subdivisions	—	\$ —	\$ —	7	\$ 848	\$ (42)	7	\$ 848	\$ (42)



Investment Securities:	Less than 12 months			12 months or more			Total		
	No.	Fair value	Unrealized losses	No.	Fair value	Unrealized losses	No.	Fair value	Unrealized losses
<b>December 31, 2023</b>									
Securities Available for Sale:									
Government agencies	—	\$ —	\$ —	17	\$ 26,223	\$ (722)	17	\$ 26,223	\$ (722)
Obligations of states and political subdivisions	50	10,059	(50)	281	78,208	(6,608)	331	88,267	(6,658)
Mortgage-backed securities and Collateralized mortgage obligations – GSE residential	3	42	(1)	43	10,449	(1,134)	46	10,491	(1,135)
Corporate debt	3	1,603	(87)	82	59,057	(6,191)	85	60,660	(6,278)
Total securities available for sale	<u>56</u>	<u>\$ 11,704</u>	<u>\$ (138)</u>	<u>423</u>	<u>\$173,937</u>	<u>\$ (14,655)</u>	<u>479</u>	<u>\$ 185,641</u>	<u>\$ (14,793)</u>
Securities Held to Maturity:									
Obligation of states and political subdivisions	2	\$ 262	\$ (7)	8	\$ 1,034	\$ (70)	10	\$ 1,296	\$ (77)

Under FASB's ASC 326-30, for securities held in the AFS portfolio, the Bank must determine whether a decline in fair value below the amortized cost basis has resulted from a credit loss or other factors. The Bank must record related to credit losses through an allowance for credit losses. The allowance shall be limited by the amount that the fair value is less than the amortized cost basis. Impairment that has not been recorded through an allowance for credit losses is recorded through other comprehensive income, net of applicable taxes. A determination as to whether a decline in market value below cost represents a credit loss will, at a minimum, be made at each quarter-end. To evaluate securities for credit losses, the Bank first identifies securities which are in a loss position at quarter end. All "under-water" AFS securities are considered for credit losses by both the Controller and the Chief Financial Officer in this initial review based on the criteria cited in this policy. The Chief Financial Officer and/or Controller may consult the Bank's approved brokers and research other sources of financial information to assist in their review. A final determination of whether a security has credit losses is then made by the Chief Financial Officer considering input from various sources using the criteria cited below.

The meaning of a credit loss will be determined in accordance with ASC 326-35-6. In general, if the present value of cash flows expected to be collected is less than the amortized cost basis of the security, a credit loss exists and an allowance for credit losses shall be recorded for the credit loss. If unrealized losses are caused by changes in interest rates or other temporary factors and not credit quality, and the Bank does not intend to sell the investments and it is not more likely than not that the Bank will be required to sell the investments before recovery of their amortized cost basis, the investment is not considered to have a credit loss. A credit loss may be indicated by one or more of the following factors: 1) The extent to which the fair value is less than the amortized cost basis. 2) Adverse conditions specifically related to the security, an industry, or geographic area; for example, changes in the financial condition of the issuer of the security, or in the case of an asset-backed debt security, changes in the financial condition of the underlying loan obligors. Examples of those changes include any of the following: a) Changes in technology b) The discontinuance of a segment of the business that may affect the future earnings potential of the issuer or underlying loan obligors of the security c) Changes in the quality of the

credit enhancement. 3) The payment structure of the debt security (for example, nontraditional loan terms) and the likelihood of the issuer being able to make payments that increase in the future. 4) Failure of the issuer of the security to make scheduled interest or principal payments. 5) Any changes to the rating of the security by a rating agency.

If a security is deemed to have a credit loss based on the above factors or if the bank has developed a plan to sell the security or it is likely that the bank will be forced to sell the security in the near future, then the impairment will be deemed a credit loss and the carrying value will be written down to the current fair value with the difference between the new carrying value and the amortized cost charged to earnings and offset by a credit to allowance for credit losses.

Management believes that none of the unrealized losses on debt at December 31, 2024 are due to the underlying credit quality of the issuers of the securities, but instead are primarily related to market interest rates, and the full value of the securities will be realized. Additionally, the Company does not intend to sell the securities and it is more-likely-than-not that the Company will not be required to sell the securities before recovery of their amortized cost. Therefore, no credit losses were recognized for the years ended December 31, 2024 or 2023.

#### (4) Restricted Investments

Restricted investments include stock held in correspondent banks: the Federal Home Loan Bank of New York (FHLB) and Atlantic Community Bankers Bank (ACBB). As a member of the FHLB, the Company is required to purchase and hold stock in the FHLB to satisfy membership and borrowing requirements. This stock is restricted in that it can only be sold to the FHLB or to another member institution and all sales of FHLB stock must be at par value. As a result of these restrictions, FHLB stock is unlike the Company's other investment securities insofar as there is no trading market for FHLB stock and the transfer price is determined by FHLB membership rules, not by market participants. As of December 31, 2024 and 2023, FHLB and ACBB stock totaled \$526,000 and \$506,000, respectively, and is included as a part of restricted investments on the consolidated balance sheets.

## (5) Loans and Allowance for Credit Losses

The major classifications of loans are as follows at December 31 (in thousands):

<b>Loans, Net</b>	<b>2024</b>	<b>2023</b>
<b>Commercial</b>		
Commercial real estate loans:		
Commercial mortgage	\$ 140,519	\$ 133,167
Farmland	4,739	3,645
Construction	<u>3,635</u>	<u>11,086</u>
Total commercial real estate loans	<u>148,893</u>	<u>147,898</u>
Other commercial loans:		
Commercial loans	34,481	34,913
Agricultural loans	<u>1,430</u>	<u>1,558</u>
Total other commercial loans	<u>35,911</u>	<u>36,471</u>
Total commercial loans	<u>184,804</u>	<u>184,369</u>
<b>Consumer</b>		
Consumer real estate loans:		
Residential mortgage	137,492	136,010
Home equity	10,964	11,173
Construction	<u>3,763</u>	<u>4,384</u>
Total residential real estate loans	<u>152,219</u>	<u>151,567</u>

Other consumer loans:		
Consumer installment loans	2,257	2,080
Other consumer loans	<u>452</u>	<u>482</u>
Total other loans	<u>2,709</u>	<u>2,562</u>
Total consumer loans	<u>154,928</u>	<u>154,129</u>
Total gross loans	339,732	338,498
Allowance for credit losses	<u>(4,357)</u>	<u>(4,311)</u>
Total loans, net	<u>\$ 335,375</u>	<u>\$ 334,187</u>

Included in the above loan amounts are deferred loan fees and origination costs of \$54,000 and \$63,000 as of December 31, 2024 and 2023, respectively.

The Company originates consumer and commercial loans primarily to borrowers in Sullivan County, New York and surrounding areas. A substantial portion of the loan portfolio is real estate secured. The ability of the Company's borrowers to make principal and interest payments is dependent upon, among other things, the level of overall economic activity and the real estate market conditions prevailing within the Company's concentrated lending area. The Company's policy is to have no one consumer or commercial product type, industry type, or geographic sector with a disproportionately high level of outstanding credit.

## Nonperforming Loans

Nonperforming loans are loans where the collection of interest or principal is in doubt, or loans that are past due more than 90 days and still considered an accruing loan with the exception of residential mortgages that are well secured and in the process of collection. Individually reviewed loan disclosures and classification apply to loans that are individually evaluated for collectability. A loan is individually evaluated when, based on current information and events, it is probable that a creditor will be unable to collect all amounts due according to the contractual terms of the loan agreement.

Information on nonperforming loans is summarized as follows at December 31 (in thousands):

<b>Nonperforming Loans</b>	<b>Total Loans</b>	<b>Commercial Real Estate</b>	<b>Commercial Other</b>	<b>Residential Real Estate</b>
<b>December 31, 2024</b>				
Nonaccrual loans with no ACL	\$ 1,030	\$ 942	\$ —	\$ 88
Nonaccrual loan with ACL	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total nonaccrual loans	1,030	942	—	88
Loans past due 90 days or more and still accruing interest	196	—	—	196
Total nonperforming loans	<u>\$ 1,226</u>	<u>\$ 942</u>	<u>\$ —</u>	<u>\$ 284</u>
<b>December 31, 2023</b>				
Nonaccrual loans with no ACL	\$ 2,154	\$ 1,054	\$ —	\$ 1,100
Nonaccrual loan with ACL	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total nonaccrual loans	2,154	1,054	—	1,100
Loans past due 90 days or more and still accruing interest	171	—	—	171
Total nonperforming loans	<u>\$ 2,325</u>	<u>\$ 1,054</u>	<u>\$ —</u>	<u>\$ 1,271</u>

The nonaccrual loan income recognition policy of the Bank is that interest is not recognized as income until it is received in cash and the loan's collateral is adequate to support both the interest recognized plus the loan balance, or until the borrower demonstrates the ability to make scheduled payments of interest and principal and the loan has remained current for a period of at least six months. Until such time, these cash payments are applied to the principal balance of the loan. The amount of nonaccrual loan interest forgone for the years ended December 31, 2024 and 2023 was \$111,000 and \$168,000, respectively.

As of December 31, 2024 and 2023, nonaccrual loans included \$0.6 million and \$0.9 million of loans, respectively, which are paying currently but have not met the specific criteria to be placed on accrual status.

The recorded investment in consumer mortgage loans secured by residential real estate properties where formal foreclosure procedures are in process at December 31, 2024 and 2023 was \$269,000 and \$1,247,000, respectively. There were no residential real estate properties in foreclosed real estate at December 31, 2024 and 2023.

The following table presents the amortized cost basis of collateral-dependent loans which are loans in which foreclosure is probable and the repayment is expected to be provided substantially through the sale of the collateral.

Collateral Type	Vacant Land	Commercial Property	Residential Property
<b>December 31, 2024</b>			
Real Estate:			
Commercial	\$ 412	\$ 298	\$ 232
Consumer	—	—	88
<b>Total</b>	<u>\$ 412</u>	<u>\$ 298</u>	<u>\$ 320</u>
<b>December 31, 2023</b>			
Real Estate:			
Commercial	\$ 412	\$ 399	\$ 243
Consumer	—	—	1,139
<b>Total</b>	<u>\$ 412</u>	<u>\$ 399</u>	<u>\$ 1,382</u>

The Bank will occasionally modify loans to borrowers experiencing financial difficulties by providing principal or interest forgiveness or rate reductions. If a principal forgiveness is granted, the amount of the forgiveness is charged-off against the allowance for credit losses. The following table shows the amortized cost basis, as of December 31, 2024, of the loans modified to borrowers experiencing financial difficulty:

<b>Loan Modifications Made to Borrowers Experiencing Financial Difficulties</b>		
	<u>Term Restructuring</u>	
	Amortized Cost Basis	% of Total Class of Receivable
<b>December 31, 2024</b>		
Consumer Real Estate	\$ 88	0.06%
<b>December 31, 2023</b>		
Consumer Real Estate	\$ 25	0.02%

Loans are classified as loan modifications to borrowers experiencing financial difficulty ("TLM") when a borrower is experiencing financial difficulties and the modification is a direct change in the contractual cash flows, excluding insignificant payment delays. If the loan modification results in a new loan i.e. 1) the terms of the loan are at least as favorable to the Bank as the terms of other loans to similar borrowers and 2) the modification to the terms of the loan are more than minor. If the modification does not meet these two requirements it will be deemed a TLM. The Bank may also increase loan balances for unpaid interest and fees or acquire additional collateral to secure its position.

The bank closely monitors the performance of loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. As of December 31, 2024, one trouble loan modification was past due between 60 – 89 days. The loan is non-accruing and the terms were restructured as per the bankruptcy agreement.

#### **Loan Credit Quality Information**

The Bank's management and board of directors are actively engaged in the underwriting and monitoring of loans. Loans are underwritten and reviewed in conjunction with board of directors' approved loan credit policies with the balanced goal of maintaining underwriting, documentation, and review standards with satisfactory interest income and minimal credit losses. Loans are reviewed and approved at various levels depending upon the amount of credit exposure including: board of directors, board loan committee, senior loan committee, and individual loan officer level. At underwriting, consumer loan approval is based upon an independent analysis of the applicant's financial strength. Commercial loans are underwritten and reviewed consistent with the Bank's loan credit policy. The Bank monitors the commercial loan portfolio based upon a board of directors approved loan review and risk identification policy. The policy dictates the process for internal loan risk identification, periodic annual review of larger commercial loan relationships, and external loan review.

The credit policy of the Bank ensures conformity in loan pricing, sets forth standards for distribution of loans by class, types of credit, limitations on concentrations of credit, maximum maturities by types of credit, legal documentation requirements, commercial loan underwriting standards, acceptable forms of collateral, use of financial covenants for commercial loans, financial statement requirements, loan participations, and appraisal standards, among many other items.

At underwriting, all unsecured commercial loans in excess of \$10,000 and secured commercial loans in excess of \$25,000 are assigned a risk rating in conformity with the loan review and risk identification policy. All commercial loans with aggregate relationship exposure of \$100,000 or more are required to be reviewed annually. The analysis is compared to any financial covenants to ensure conformity with the loan agreement. If the analysis reveals non-conformity, the applicable lending officer or loan committee may recommend corrective action including a revised loan risk rating, non-renewal of lines of credit, reduction in lines of credit, or collection action. Once a loan is underwritten, the risk rating is updated if the lending officer notes either positive or negative characteristics in the loan.

The Bank has a loan rating system that ranges from "Pass" to "Loss" based upon the commensurate severity of credit risk. "Pass" rated loans are generally loans to unleveraged borrowers with strong liquidity, available cash flow to service debt obligations, and the ability to make payments as agreed. "Pass Watch" loans are stronger than loans in the Special Mention category, as discussed below, but would not fall in the "Pass" category for reasons such as the following: the loans are to

financially strong individuals not meeting agreed upon repayment programs, are unseasoned smaller loans, or have excessive vulnerability to competition or other dependencies. "Special Mention" loans currently have a protected credit position but are potentially weak. These loans have relatively minor credit risk; however, in light of circumstances, they constitute undue and unwarranted risks, but not to the point of justifying a classification of substandard. The loan may have potential weaknesses which may, if not checked or corrected, weaken the loan or inadequately protect the Bank's credit position at some future date. "Substandard" loans have a well-defined weakness that jeopardizes the liquidity of the debt. They are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected. "Doubtful" loans have all the weaknesses inherent in a loan classified as substandard,

with the added characteristics that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable. The possibility of loss is extremely high, but because of certain important and reasonably specific pending factors which may work to the advantage and strengthening of the assets, the loan's classification as a loss is deferred until its more exact status may be determined. Loans which become "Loss" rated are fully charged off as they are considered uncollectible. Their continuance as bankable assets is no longer warranted and are therefore excluded below. Loans that are not reviewed on an ongoing basis are consumer loans and small balance commercial loans which pose less of a credit risk.

Management reviews risk ratings for commercial loans on a monthly basis and the following illustrates total commercial loans by credit risk profiles based on internally assigned grades and category as of December 31 (in thousands):

	<u>Term Loans Amortized Costs Basis by Origination Year</u>					Revolving	Revolving	Total
	2024	2023	2022	2021	Prior	Loans Amortized Cost Basis	Loans Converted to Term	
<b>December 31, 2024</b>								
Commercial real estate								
Risk Rating								
Pass	\$ 7,149	\$ 5,960	\$ 11,962	\$ 9,699	\$ 50,031	\$ 817	\$ —	\$ 85,618
Pass Watch	5,860	5,826	14,963	5,806	16,601	1,413	—	50,469
Special Mention	—	—	4,023	238	6,880	—	—	11,141
Substandard	—	—	284	—	1,305	76	—	1,665
Doubtful	—	—	—	—	—	—	—	—
Total	<u>\$ 13,009</u>	<u>\$ 11,786</u>	<u>\$ 31,232</u>	<u>\$ 15,743</u>	<u>\$ 74,817</u>	<u>\$ 2,306</u>	<u>\$ —</u>	<u>\$ 148,893</u>
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Other commercial								
Risk Rating								
Pass	\$ 975	\$ 1,250	\$ 2,032	\$ 2,409	\$ 1,038	\$ 5,830	\$ —	\$ 13,534
Pass Watch	2,535	5,218	4,333	2,294	1,295	4,391	—	20,066
Special Mention	—	—	1,983	250	22	—	—	2,255
Substandard	—	—	—	—	—	56	—	56
Doubtful	—	—	—	—	—	—	—	—
Total	<u>\$ 3,510</u>	<u>\$ 6,468</u>	<u>\$ 8,348</u>	<u>\$ 4,953</u>	<u>\$ 2,355</u>	<u>\$ 10,277</u>	<u>\$ —</u>	<u>\$ 35,911</u>
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 171	\$ —	\$ 171



	<b>Term Loans Amortized Cost by Origination Year</b>				<b>Revolving Loans Amortized Cost Basis</b>	<b>Revolving Loans Converted to Term</b>	<b>Total</b>
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>Prior</b>			
<b>December 31, 2023</b>							
Commercial real estate							
Risk Rating							
Pass	\$ 5,501	\$ 20,911	\$ 8,363	\$ 50,088	\$ 3,423	\$ —	\$ 88,286
Pass Watch	7,980	11,390	7,949	27,262	100	—	54,681
Special Mention	—	—	—	3,740	77	—	3,817
Substandard	—	284	—	830	—	—	1,114
Doubtful	—	—	—	—	—	—	—
Total	<u>\$ 13,481</u>	<u>\$ 32,585</u>	<u>\$ 16,312</u>	<u>\$ 81,920</u>	<u>\$ 3,600</u>	<u>\$ —</u>	<u>\$ 147,898</u>
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Other commercial							
Risk Rating							
Pass	\$ 3,106	\$ 1,366	\$ 3,376	\$ 1,623	\$ 4,896	\$ —	\$ 14,367
Pass Watch	4,446	9,317	2,829	1,852	3,545	—	21,989
Special Mention	—	—	—	29	76	—	105
Substandard	—	—	—	—	10	—	10
Doubtful	—	—	—	—	—	—	—
Total	<u>\$ 7,552</u>	<u>\$ 10,683</u>	<u>\$ 6,205</u>	<u>\$ 3,504</u>	<u>\$ 8,527</u>	<u>\$ —</u>	<u>\$ 36,471</u>
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ 23	\$ —	\$ 23

The Bank monitors the credit risk profile by payment activity for residential and consumer loans. Loans past due 90 days or more and on nonaccrual status are considered nonperforming. Nonperforming loans are reviewed monthly. The following table presents the amortized cost in residential and consumer loans based on payment activity (in thousands):

<b>Term Loans Amortized Cost Basis by Origination Year</b>						<b>Revolving Loans Amortized Cost Basis</b>	<b>Revolving Loans Converted to Term</b>	<b>Total</b>
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>Prior</b>			
<b>December 31, 2024</b>								
Residential real estate								
Payment Performance								
Performing	\$ 12,677	\$ 15,277	\$ 36,339	\$ 25,844	\$ 50,834	\$ —	\$ —	\$ 140,971
Nonperforming	—	—	—	—	284	—	—	284
Total	<u>\$ 12,677</u>	<u>\$ 15,277</u>	<u>\$ 36,339</u>	<u>\$ 25,844</u>	<u>\$ 51,118</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 141,255</u>
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ 6	\$ —	\$ —	\$ 6
Home Equity								
Payment Performance								
Performing	\$ 1,179	\$ 109	\$ 330	\$ 280	\$ 552	\$ 4,066	\$ 4,448	\$ 10,964
Nonperforming	—	—	—	—	—	—	—	—
Total	<u>\$ 1,179</u>	<u>\$ 109</u>	<u>\$ 330</u>	<u>\$ 280</u>	<u>\$ 552</u>	<u>\$ 4,066</u>	<u>\$ 4,448</u>	<u>\$ 10,964</u>
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Consumer Loans								
Performing	\$ 1,118	\$ 687	\$ 348	\$ 83	\$ 21	\$ 452	\$ —	\$ 2,709
Nonperforming	—	—	—	—	—	—	—	—
Total	<u>\$ 1,118</u>	<u>\$ 687</u>	<u>\$ 348</u>	<u>\$ 83</u>	<u>\$ 21</u>	<u>\$ 452</u>	<u>\$ —</u>	<u>\$ 2,709</u>
Current period gross charge-offs	\$ —	\$ —	\$ 3	\$ —	\$ —	\$ 23	\$ —	\$ 26

<b>Term Loans Amortized Cost Basis by Origination Year</b>					<b>Revolving Loans Amortized Cost Basis</b>	<b>Revolving Loans Converted to Term</b>	<b>Total</b>
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>Prior</b>			
<b>December 31, 2023</b>							
Residential real estate							
Payment Performance							
Performing	\$ 13,451	\$ 40,061	\$ 27,613	\$ 57,998	\$ —	\$ —	\$ 139,123
Nonperforming	—	—	—	1,271	—	—	1,271
Total	<u>\$ 13,451</u>	<u>\$ 40,061</u>	<u>\$ 27,613</u>	<u>\$ 59,269</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 140,394</u>
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Home Equity							
Payment Performance							
Performing	\$ 132	\$ 432	\$ 382	\$ 853	\$ 4,404	\$ 4,970	\$ 11,173
Nonperforming	—	—	—	—	—	—	—
Total	<u>\$ 132</u>	<u>\$ 432</u>	<u>\$ 382</u>	<u>\$ 853</u>	<u>\$ 4,404</u>	<u>\$ 4,970</u>	<u>\$ 11,173</u>
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Consumer Loans							
Performing	\$ 1,176	\$ 637	\$ 202	\$ 86	\$ 461	\$ —	\$ 2,562
Nonperforming	—	—	—	—	—	—	—
Total	<u>\$ 1,176</u>	<u>\$ 637</u>	<u>\$ 202</u>	<u>\$ 86</u>	<u>\$ 461</u>	<u>\$ —</u>	<u>\$ 2,562</u>
Current period gross charge-offs	\$ —	\$ 3	\$ 1	\$ 3	\$ 46	\$ —	\$ 53

The following table illustrates the aging of past due loans by category as of December 31 (in thousands):

Category of loans	30-59 Days past due	60-89 Days past due	Greater than 90 Days	Total past due	Current	Total loans
<b>2024</b>						
Commercial real estate	\$ 2,837	\$ 370	\$ 412	\$ 3,619	\$ 145,274	\$ 148,893
Other Commercial	—	84	—	84	35,827	35,911
Residential real estate	825	946	196	1,967	150,252	152,219
Consumer installment	17	—	—	17	2,240	2,257
Other consumer	1	—	—	1	451	452
Total	<u>\$ 3,680</u>	<u>\$ 1,400</u>	<u>\$ 608</u>	<u>\$ 5,688</u>	<u>\$334,044</u>	<u>\$ 339,732</u>
<b>2023</b>						
Commercial real estate	\$ 19	\$ 284	\$ 128	\$ 431	\$ 147,467	\$ 147,898
Other Commercial	—	95	—	95	36,376	36,471
Residential real estate	307	734	1,247	2,288	149,279	151,567
Consumer installment	13	—	—	13	2,067	2,080
Other consumer	—	—	—	—	482	482
Total	<u>\$ 339</u>	<u>\$ 1,113</u>	<u>\$ 1,375</u>	<u>\$ 2,827</u>	<u>\$335,671</u>	<u>\$ 338,498</u>

#### **Allowance for Credit Losses**

The allowance for credit losses (ACL) is a valuation reserve established and maintained by charges against income and is deducted from the amortized cost basis of loans to present the net amount expected to be collected on the loans. Loans, or portions thereof, are charged off against the ACL when they are deemed uncollectible. Expected recoveries do not exceed the aggregate of amounts previously charged off and expected to be charged off. The ACL is an estimate of expected credit losses, measured over the contractual life of a loan, that considers our historical loss experience, current conditions, and forecasts of future economic conditions. The methodology for determining the ACL has two main components: evaluation of expected credit losses for certain groups of homogeneous loans that share similar risk characteristics and evaluations of loans that do not share risk characteristics with other loans.

The SCALE method is a simple, spreadsheet-based method developed by the Federal Reserve to assist smaller community banks, under \$1 billion in assets, in calculating CECL compliant allowances for credit losses (ACLs) using proxy expected lifetime loss rates. The Bank's management has determined that due to the complex modeling techniques and granularity of data required by other ACL methods, the SCALE method is the most appropriate method of determining its ACL given the size and the nature, scope, and risk of its lending and investing activities.

The Bank has chosen four segments of loans with similar risk characteristics for purposes of estimating credit losses for the ACL under the SCALE method – Commercial Mortgages, Commercial Loans, Residential Mortgages, and Consumer Loans. Residential and commercial construction loans are included within the Commercial and Residential Mortgage segments as appropriate because the Bank's construction loans typically fall into those segments upon completion of the construction phase and therefore possess a similar risk profile. Historically, the Bank has incurred no losses during the construction phase of either category.

The Bank reviews all non-accrual loans as well as loans that are classified substandard on an individual basis. A determination of the amount of the impairment to be included in the ACL will be made using one of the three allowable methods: the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's observable market price, or the fair value of the collateral if the loan is collateral dependent. In determining the amount of impairment using the fair value method, information used by the Bank will include but not be limited to:

- Most recent Loan Action Plan and Status Report, including special note of changes from prior reports;
- Current appraisal and estimated cost to sell collateral;
  - The impaired value will be calculated by using the appraised value less the cost to sell. The cost to sell includes a 6% commission based on the appraised amount, transfer tax of \$4 per thousand of the appraised value and legal and recording fees.
  - Properties will be periodically inspected to note any change or deterioration in condition.
  - Value will be periodically reviewed using online tools such as Zillow and Real Info.com.
  - Properties will be reappraised on an as needed basis.
- Current financial statements, aging, etc., of obligors; and
- Other information provided by the handling loan officer, credit references, tax status, etc.

The resulting determination will be stated as a specific reserve.

Proxy expected lifetime loss rates used in the SCALE tool are derived from disaggregated data on the ACLs reported on Schedule RI-C of the Call Report. Management accesses this data from the Federal Reserve CECL Resource Center on the SCALE tab in the resources section or at RI-C - CECL Resource Center. The data is generally posted within 15 days after the financial data is finalized for each quarter. The proxy expected lifetime loss rates are based on an aggregated national rate of all institutions required to complete Schedule RI-C. The aggregated national rate was chosen over a custom peer group due to a lack of information available to determine if a custom peer group would be more

representative of the Bank's specific loan characteristics. Since the proxy expected lifetime loss rates are based on information from the previous reporting period, there will be a lag between the proxy data and the reporting date. Management will consider whether a qualitative adjustment is necessary to reflect any changes in economic and business conditions at the reporting date that affect the collectability of the Bank's financial assets that were not present at the time the proxy expected lifetime loss rates were calculated.

While proxy expected lifetime loss rates are the starting point for the ACL, management will apply adjustments to the rates for qualitative or environmental factors that are likely to cause estimated credit losses associated with the Bank's existing portfolio to differ from historical loss experience. The adjustment factors may include:

- The nature and volume of the institution's financial assets;
- The existence, growth, and effect of any concentrations of credit;
- The volume and severity of past due financial assets, the volume of nonaccrual assets, and the volume and severity of adversely classified or graded assets;
- The value of the underlying collateral for loans that are not collateral-dependent;
- The institution's lending policies and procedures, including changes in underwriting standards and practices for collections, write-offs, and recoveries;
- The quality of the institution's credit review function;
- The experience, ability, and depth of the institution's lending, investment, collection, and other relevant management and staff;
- The effect of other external factors such as the regulatory, legal and technological environments; competition; and events such as natural disasters; and
- Actual and expected changes in international, national, regional, and local economic and business conditions and developments in which the institution operates that affect the collectability of financial assets.

Adjustments for qualitative factors are made in a range calculated as the Bank's historical loss ratio from the average of the five lowest years to the average of the five highest years based on the current conditions at the time of the evaluation. Adjustments will be applied on a weighted basis, with 40% attributed to economic and business conditions, 25% to the level of past due loans and 5% for each remaining category. The Bank believes this weighting is appropriate as areas with the higher weights are the most likely to impact business profitability and consumer discretionary income which would lead to potentially higher loan losses. Since significant judgment is used when evaluating the effect of qualitative factors on the amount of the ACL, the Bank's management explains how the adjustments reflect current information, events, circumstances, and conditions and to which segments of the ACL the adjustment applies. Not all of the above qualitative factors will apply to one or any ACL segment and the list of possible qualitative adjustments is not exhaustive. Management maintains reasonable documentation to support which factors affected the analysis and the impact of those factors on the loss measurement. Support and documentation include management's analysis of how each factor has changed over time, which loan groups' loss rates have been adjusted, and other available data that supports the reasonableness of the adjustments. Examples of underlying supporting evidence could include, but are not limited to, relevant articles from newspapers and other publications that describe economic events

affecting a particular geographic area, economic reports and data, and notes from discussions with borrowers.

Proxy expected lifetime loss rates derived from Schedule RI-C data may be adjusted to more accurately reflect the Bank's own historical loss experience and that of its peers that is not captured in the aggregated lifetime loss rate of its peers or industry. The adjustment is made by comparing the Bank's historical net charge-off performance relative to peers using a fifteen-year average.

The ACL is arrived at using the best information available to management as of the evaluation date. However, due to the inherently subjective and judgmental nature of estimating credit losses, the Bank maintains an unallocated reserve to cover areas which have been historically difficult to quantify. These areas include:

- **Collateral Risk** - It is impossible to have an up-to-the-minute valuation of all collateral. There are also instances where liens have not been perfected.
- **Information Risk** - There is sometimes a lack of current financials and operating figures for some borrowers.
- **Historical Charge-Off Risk** - Past performance is a guide and not indicative of future performance.

While the amount of the unallocated reserve will fluctuate with changes to the underlying loan portfolio, it is the goal of management to maintain an unallocated reserve within a range of 2% to 7% of the total ACL.

Upon completion of all of the components of the ACL, the amounts reserved will be aggregated and compared to the actual ACL per the Bank's financial statements. The Bank uses ratio analysis as a supplemental tool for evaluating the overall reasonableness of the ACL. Ratio analysis can be useful in identifying divergent trends in the relationship of the ACL to adversely classified or criticized loans, past due and nonaccrual loans, total loans, and historical net charge-offs. Based on such analysis, the Bank may identify additional issues or factors that previously had not been considered in the ACL estimation process, which may warrant adjustments to estimated credit losses. Such adjustments will be appropriately supported and documented.

The Bank has various unfunded loan commitments that are not reflected on its balance sheet. Because off-balance sheet exposures are legally binding agreements to extend credit under certain terms and conditions, they can expose the Bank to credit losses. ASC 326 requires the Bank to record a liability for expected credit losses on unfunded loan commitments, estimated over the contractual period in which the Bank is exposed to credit risk, unless that obligation is unconditionally cancellable by the Bank. The estimate of credit losses must consider the likelihood that funding will occur and if funded, the related estimate of expected credit losses. The liability for expected credit losses is separate from the ACL calculation.

The Bank segments its unfunded loan commitments into several categories:

- Demand lines of credit – unused loan commitments with a demand feature, which allows the Bank to unilaterally and unconditionally cancel the commitment and refuse to fund further credit advances, are identified and per ASC 326 are not assigned any liability.
- Home Equity Lines of Credit (HELOC) – HELOC's have terms and conditions that allow for the Bank to refuse further

advances are not unilaterally and unconditionally cancelable. To establish an expected credit loss estimate for HELOC's, the Bank will perform a three year look back of the percentage of HELOC credit lines which are unused in relation to the total amount of HELOC commitments for each calendar quarter to establish an average baseline. The Bank will then apply the allowance for credit loss rate for the category containing HELOC balances to the product of the total amount of unused HELOC commitments times the difference between the baseline percentage and the percentage of the current quarter's unused HELOC lines to total HELOC commitments. If the calculation results in a negative number, zero percentage will be used.

- Residential 1-4 family construction – unused loan commitments for the construction of 1-4 family residences are typically expected to be used within one year. Therefore, the Bank will apply the allowance for credit loss rate for the category containing residential mortgage balances to the total amount of unused Residential 1-4 family construction commitments at each quarter end.

- Commercial construction – unused loan commitments for the construction of commercial property are typically expected to be used within one year. Therefore, the Bank will apply the allowance for credit loss rate for the category containing commercial mortgage balances to the total amount of unused Commercial construction commitments at each quarter end.
- Unclosed loan commitments – the Bank will identify commitments issued to customers which have not yet been established through loan closing documents. The Bank will estimate the probability of the issued commitment eventually being originated. A liability will be calculated for the commitments identified as likely to be originated based on the category in this section in which they will be assigned after a closing takes place.

Changes in the allowance for credit losses and the related loans evaluated for credit loss are summarized as follows as of and for the years ended December 31 (in thousands):

Allowance for Credit Losses	Total	Commercial		Consumer			Unallocated
		Real Estate	Other	Real Estate	Installment	Other	
<b>December 31, 2024</b>							
Beginning balance January 1	\$ 4,311	\$ 1,910	\$ 554	\$ 1,542	\$ —	\$ 55	\$ 250
Charge-offs	(203)	—	(171)	(6)	—	(26)	—
Recoveries	45	14	1	19	—	11	—
Provision (credit)	204	9	152	20	—	23	—
Ending balance December 31	<u>\$ 4,357</u>	<u>\$ 1,933</u>	<u>\$ 536</u>	<u>\$ 1,575</u>	<u>\$ —</u>	<u>\$ 63</u>	<u>\$ 250</u>
Ending balance as related to allowance:							
Evaluated collectively [general reserve]	\$ 4,357	\$ 1,933	\$ 536	\$ 1,575	\$ —	\$ 63	\$ 250
Evaluated individually [specific reserve]	—	—	—	—	—	—	—
Total Allowance for Credit Losses	<u>\$ 4,357</u>	<u>\$ 1,933</u>	<u>\$ 536</u>	<u>\$ 1,575</u>	<u>\$ —</u>	<u>\$ 63</u>	<u>\$ 250</u>
Ending balance as related to loans:							
Loans evaluated collectively	\$ 338,388	\$ 147,637	\$ 35,911	\$ 152,131	\$ 2,257	\$ 452	
Loans evaluated individually	1,344	1,256	—	88	—	—	
Total Loans	<u>\$ 339,732</u>	<u>\$ 148,893</u>	<u>\$ 35,911</u>	<u>\$ 152,219</u>	<u>\$ 2,257</u>	<u>\$ 452</u>	
<b>December 31, 2023</b>							
Beginning balance January 1	\$ 4,570	\$ 1,765	\$ 1,521	\$ 1,070	\$ 15	\$ 28	\$ 171
Impact of Adopting ASC 326	56	(65)	911	(615)	(15)	11	(171)
Charge-offs	(76)	—	(23)	—	—	(53)	—
Recoveries	180	5	2	151	—	22	—
Provision (credit)	(419)	205	(1,857)	936	—	47	250
Ending balance December 31	<u>\$ 4,311</u>	<u>\$ 1,910</u>	<u>\$ 554</u>	<u>\$ 1,542</u>	<u>\$ —</u>	<u>\$ 55</u>	<u>\$ 250</u>
Ending balance as related to allowance:							
Evaluated collectively [general reserve]	\$ 4,311	\$ 1,910	\$ 554	\$ 1,542	\$ —	\$ 55	\$ 250
Evaluated individually [specific reserve]	—	—	—	—	—	—	—
Total Allowance for Credit Losses	<u>\$ 4,311</u>	<u>\$ 1,910</u>	<u>\$ 554</u>	<u>\$ 1,542</u>	<u>\$ —</u>	<u>\$ 55</u>	<u>\$ 250</u>
Ending balance as related to loans:							
Loans evaluated collectively	\$ 335,984	\$ 146,523	\$ 36,471	\$ 150,428	\$ 2,080	\$ 482	
Loans evaluated individually	2,514	1,375	—	1,139	—	—	
Total Loans	<u>\$ 338,498</u>	<u>\$ 147,898</u>	<u>\$ 36,471</u>	<u>\$ 151,567</u>	<u>\$ 2,080</u>	<u>\$ 482</u>	

There are no commitments to lend additional funds on the above noted non-performing loans. Management has determined that the majority of these non-performing loans remain well collateralized. Based on its comprehensive analysis of the loan portfolio, and since the Company has no exposure to subprime loans, management believes the current level of the allowance for credit losses is adequate. However, regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for credit losses and may require the Company to recognize additions to the allowance based on their judgments about information available to them at the time of their examination, which may not be currently available to management.

## (6) Premises and Equipment

The major classifications of premises and equipment were as follows at December 31 (in thousands):

Premises and Equipment, Net	2024	2023
Land	\$ 1,891	\$ 1,891
Buildings and improvements	8,514	8,302
Right of use asset (ROU Asset)	240	323
Furniture and fixtures	507	482
Equipment	<u>2,806</u>	<u>3,822</u>
Total premises and equipment	13,958	14,820
Less accumulated depreciation and amortization	<u>(7,978)</u>	<u>(9,067)</u>
Premises and equipment, net	<u>\$ 5,980</u>	<u>\$ 5,753</u>

Depreciation and amortization expense was \$499,000 and \$454,000 in 2024 and 2023, respectively. The Company has three operating leases for branches located in Port Jervis, Callicoon, and Wurtsboro which expire in 2026, 2027, and 2030, respectively.

Operating Lease Costs	2024	2023
Operating lease costs	\$ 90	\$ 90
Operating lease liability	\$ 263	\$ 346
Weighted-average remaining lease term	4 years	
Weighted-average discount rate	2.30%	

The Company's contractual obligation on future minimum non-cancellable lease payments as of December 31, 2024, is as follows (in thousands):

### Future Minimum Lease Payments, for the years ending:

2025	\$ 91
2026	71
2027	41
2028	32
2029	32
2030 and thereafter	<u>8</u>
Total undiscounted cash flows	275
Impact of present value discount	<u>(12)</u>
Operating lease liability	<u>\$ 263</u>

## (7) Time Deposits

The following is a summary of time deposits at December 31, 2024 by remaining period to contractual maturity (in thousands):

Within one year	\$ 50,203
One to two years	5,496
Two to three years	1,808
Three to four years	964
Four to five years	1,212
Over five years	<u>—</u>
Total time deposits	<u>\$ 59,683</u>

Time deposits of \$250,000 or more totaled \$7,176,000 and \$8,354,000 at December 31, 2024 and 2023, respectively.

## (8) Short-Term Borrowings

In August 2023, the Bank took a loan in the amount of \$25,000,000 with the Federal Reserve Discount Window as part of the Bank Term Funding Program. The loan was refinanced twice in 2023. The loan was paid in full as of December 31, 2024. As of December 31, 2023, the loan balance was \$25,000,000 at 4.88%. There were no short-term borrowings as of December 31, 2024. At December 31, 2024, the Bank maintained unsecured lines of credit with Atlantic Community Bankers Bank for \$7.0 million and First Horizon Bank for \$5.0 million. The Bank also has access to a primary credit line with the Federal Reserve Discount Window (Discount Window) which would be available upon collateralization by securities held in trust. At December 31, 2024 the available credit was \$76,308,000. Other than the FRB borrowing, during 2024 and 2023, there were no borrowings at any month end. During the year ended 2024, the Bank borrowed an average of balance of \$23,481,000 with an average interest rate of 4.91%. During the year ended 2023, the Bank borrowed an average balance of \$9,870,000 with an average interest rate of 6.41%.

## (9) Federal Home Loan Bank Borrowings

As of December 31, 2024 and 2023, the Bank had no Federal Home Loan Bank Borrowings. The Bank has a blanket security agreement with FHLB to secure borrowings with FHLB stock (see Note 4) and by maintaining as collateral certain qualifying assets (principally residential mortgage loans) not otherwise pledged. At December 31, 2024, the maximum borrowing capacity was \$88.4 million.

## (10) Income Taxes

Income taxes for the years ended December 31 consisted of the following (in thousands):

Income Tax Expense	2024	2023
Current:		
Federal	\$ 2,534	\$ 2,577
State	407	440
Deferred tax expense (income)	<u>15</u>	<u>(89)</u>
	<u>\$ 2,956</u>	<u>\$ 2,928</u>

Items creating the differences between income tax expense and taxes computed by applying the statutory Federal tax rate of 21% to income before income taxes are as follows (dollars in thousands):

Income Tax Expense (Benefit)	2024		2023	
	Amount	% <sup>(1)</sup>	Amount	% <sup>(1)</sup>
Tax at statutory rate	\$ 3,000	21%	\$ 2,962	21%
State taxes, net of Federal Tax benefit	321	2	348	3
Tax-exempt interest and dividends	(321)	(2)	(336)	(2)
Interest expense allocated to tax-exempt securities	13	—	9	—
Bank-owned life insurance	(164)	(1)	(64)	(1)
Other adjustments	<u>107</u>	<u>—</u>	<u>9</u>	<u>—</u>
Income tax expense	<u>\$ 2,956</u>	<u>20%</u>	<u>\$ 2,928</u>	<u>21%</u>

(1) Percentage is of pre-tax income

The tax effects of temporary differences that give rise to deferred tax assets and liabilities at December 31 are presented below (in thousands):

Deferred Tax Asset, Net	2024	2023
Deferred tax assets:		
Allowance for credit losses in excess		
of tax bad debt reserve	\$ 1,162	\$ 1,143
Depreciation	386	350
Foreclosed real estate	51	52
Other comprehensive income		
(retirement benefits)	177	499
Unrealized loss on securities		
available for sale	3,342	3,815
Prepaid expenses	9	—
Total deferred tax assets	<u>5,127</u>	<u>5,859</u>
Deferred tax liabilities:		
Prepaid expenses	—	(5)
Other comprehensive income:		
Retirement benefits	(642)	(744)
Other	<u>(281)</u>	<u>(96)</u>
Total deferred tax liabilities	<u>(923)</u>	<u>(845)</u>
Net deferred tax asset		
(included in other assets)	<u>\$ 4,204</u>	<u>\$ 5,014</u>

In assessing the ability to realize the Company's total deferred tax assets, management considers whether it is more-likely-than not that some portion or all those assets will not be realized. Based upon management's consideration of historical and anticipated future pre-tax income, as well as the reversal period for the items giving rise to the deferred tax assets and liabilities, a valuation allowance for deferred tax assets was not considered necessary at December 31, 2024 and 2023.

No unrecognized tax benefits are expected to arise within the next twelve months. The Company files income tax returns in both the US Federal and New York State tax jurisdictions. The Company is no longer subject to examination by the US Federal for years before 2021 and NYS taxing authorities for years before 2021.

## (11) Segment Reporting

ASC Topic 280 – Segment Reporting identifies operating segments as components of an enterprise which are evaluated regularly by the Company's Chief Operating Decision Makers, our Chief Executive Officer and Chief Financial Officer, in deciding how to develop strategy, allocate resources and assess performance.

While the Company monitors the revenue streams of the various products and services, operations are managed, and financial performance is evaluated on an entity-wide basis. The Company provided a variety of financial services to individuals and businesses in Sullivan County and surrounding areas through its branch network. Its primary deposit products are checking, savings and term certificate accounts, and its primary lending products are commercial, residential and construction mortgages, small business and consumer loans.

Management has determined that the Company has one reportable

segment consisting of Community Banking. Operating segments are aggregated into one segment, as operating results for all segments are similar. Accordingly, all the financial service operations are considered by management to be aggregated in one reportable operating segment.

The accounting policies for the Community Banking segment are the same as those of our consolidated entity.

The chief operating decision makers assess performance and decide how to allocate resources based on net income that also is reported on the Statement of Income as consolidated net income. The measure of segment assets is reported on the balance sheet as total consolidated assets.

Net income is used to monitor budget versus actual results. The chief operating decision makers use three primary performance measures to gauge performance: return on assets (ROA), return on average equity (ROE) and the efficiency ratio. ROA measures how efficiently a bank generates income based on the amount of assets or size of a company. ROE measures the efficiency of a company in generating income based on the amount of equity or capital utilized. The efficiency ratio measures the Company's ability to use its resources to generate income. The chief operating decision makers also use net income in competitive analysis by benchmarking to the Company's competitors.

## (12) Regulatory Capital Requirements

State-chartered, nonmember banks are required to maintain minimum levels of regulatory capital in accordance with regulations of the Federal Deposit Insurance Corporation ("FDIC") as amended January 1, 2015. FDIC regulations require a minimum leverage ratio of Tier 1 capital to total adjusted assets of 4.0%, and minimum ratios of Common Equity Tier 1 (CET1) capital, Tier 1 capital and Total capital to risk-weighted assets of 4.5%, 6.0% and 8.0%, respectively. Risk based capital ratios are based in part on specific quantitative measures of assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgements by the regulators about capital components, risk weightings and other factors.

Under its prompt corrective action regulations, the FDIC is required to take certain supervisory actions (and may take additional discretionary actions) with respect to an undercapitalized bank. Such actions could have a direct material effect on banks' financial statements. The regulation establishes a framework for the classification of banks into four categories: well capitalized, adequately capitalized, undercapitalized, and significantly undercapitalized. Generally, a bank is considered well capitalized if it has a leverage capital ratio of at least 5% and a CET1 capital ratio of at least 6.5%, a Tier 1 risk-based capital ratio of at least 8.0%, and a total risk-based capital ratio of at least 10.0%. The Basel III rules also establish a "capital conservation buffer" of 2.5% above the new regulatory minimum capital requirements, which must consist entirely of Common Equity Tier 1 capital. These limitations establish a maximum percentage of eligible retained income that could be utilized for such actions. An institution would be subject to limitations on paying dividends, engaging in share repurchases, and paying discretionary bonuses to executive officers if its capital level falls below the buffer amount.

In November 2019, Federal bank regulatory agencies finalized a rule that simplifies capital requirements for community banks by allowing them to



optionally adopt a simple leverage ratio to measure capital adequacy, which removes requirements for calculating and reporting risk-based capital ratios for a qualifying community bank that has less than \$10 billion in total consolidated assets, limited amounts of off-balance sheet exposures and trading assets and liabilities, and a leverage ratio greater than 9 percent. Additionally, such insured depository institutions are considered to have met the well-capitalized ratio requirements for purposes of the FDIC's prompt corrective action framework. The community bank leverage ratio framework was effective January 1, 2020. The Company elected to adopt the optional community bank leverage ratio framework in the first quarter of 2020.

Management believes that, as of December 31, 2024 and 2023, the Bank met all capital adequacy requirements to which it is subject. Further, the most recent FDIC notification categorized the Bank as a well-capitalized bank under the prompt corrective action regulations. There have been no conditions or events since that notification that management believes have changed the Bank's capital classification.

The following is a summary of the actual capital amounts and ratios as of December 31, 2024 and 2023 for the Bank compared to the required ratios for minimum capital adequacy and for classification as well-capitalized (dollars in thousands):

Regulatory Capital	Actual		Required Ratios	
	Amount	Ratio	Minimum Buffer adequacy	Well capital capit- alized
<b>December 31, 2024:</b>				
Leverage (Tier 1) capital	\$89,476	13.9%	9.0%	N/A
<b>December 31, 2023:</b>				
Leverage (Tier 1) capital	\$80,950	11.9%	9.0%	N/A

Jeffersonville Bancorp is a small bank holding company and is exempt from regulatory capital requirements administered by the Federal banking agencies.

### (13) Stockholders' Equity

#### **Dividend Restrictions**

Dividends paid by the Bank are the primary source of funds available to the Parent Company for payment of dividends to its stockholders and for working capital needs. Applicable federal and state statutes, regulations, and guidelines impose restrictions on the amount of dividends that may be declared by the Bank. Under these restrictions, the dividends declared and paid by the Bank to the Parent Company may not exceed the total amount of the Bank's net profit retained in the current year plus its retained net profits, as defined, from the two preceding years. The Bank's retained net profits available for dividends at December 31, 2024 totaled \$23,667,000.

### (14) Comprehensive Income

Comprehensive income represents the sum of net income and items of other comprehensive (loss) income which are reported directly in stockholders' equity, such as the net unrealized gain or loss on securities available for sale and changes in liabilities associated with the Company's defined benefit pension plan and the supplemental retirement plans. These items are reflected in the consolidated statements of comprehensive income, net of income taxes.

At December 31, 2024 and 2023, the components of accumulated other comprehensive loss income reflected on the consolidated balance sheets are as follows (in thousands):

<b>Accumulated Other Comprehensive Loss, Net of Tax</b>	<b>2024</b>	<b>2023</b>
Supplemental executive retirement plan	\$ (397)	\$ (456)
Defined benefit pension liability	(280)	(1,451)
Net unrealized holding losses on securities available for sale	<u>(12,787)</u>	<u>(14,596)</u>
Accumulated other comprehensive loss, before income tax	(13,464)	(16,503)
Income tax related to accumulated other comprehensive loss	<u>3,519</u>	<u>4,313</u>
Accumulated other comprehensive loss, net of tax	<u>\$ (9,945)</u>	<u>\$ (12,190)</u>

The following table presents the changes in accumulated other comprehensive loss by component net of tax for the years ended December 31, 2024 and 2023.

	<b>Unrealized gain (loss) on AFS Securities</b>	<b>Defined Benefit Pension Items</b>	<b>Total</b>
Balance as of December 31, 2022	\$ (14,104)	\$ (2,066)	\$ (16,170)
Other comprehensive income before reclassification (net of tax)	2,671	622	3,293
Amounts reclassified from accumulated other comprehensive loss (net of tax)	<u>652</u>	<u>35</u>	<u>687</u>
Net current period other comprehensive income	<u>3,323</u>	<u>657</u>	<u>3,980</u>
Balance as of December 31, 2023	<u>\$ (10,781)</u>	<u>\$ (1,409)</u>	<u>\$ (12,190)</u>
Balance as of December 31, 2023	\$ (10,781)	\$ (1,409)	\$ (12,190)
Other comprehensive income before reclassification (net of tax)	1,174	909	2,083
Amounts reclassified from accumulated other comprehensive loss (net of tax)	<u>162</u>	<u>—</u>	<u>162</u>
Net current period other comprehensive income	<u>1,336</u>	<u>909</u>	<u>2,245</u>
Balance as of December 31, 2024	<u>\$ (9,445)</u>	<u>\$ (500)</u>	<u>\$ (9,945)</u>

The following table present the significant amounts reclassified out of each component of accumulated other comprehensive loss for the years ended December 31, 2024 and 2023 (in thousands):

Details about accumulated other comprehensive loss	Amount reclassified from accumulated comprehensive loss		Affected line item in the Consolidated Statement of Income
	December 31,		
	2024	2023	
Unrealized gains and losses on available for sale securities	\$ 219	\$ 883	Available for sale securities losses, net
	(57)	(231)	Provision for income taxes
	<u>\$ 162</u>	<u>\$ 652</u>	Net of tax
Defined benefit pension items	\$ —	\$ 47	Other expenses
	—	(12)	Provision for income taxes
	<u>\$ —</u>	<u>\$ 35</u>	Net of tax

#### (15) Related Party Transactions

Certain directors and executive officers of the Company, as well as certain affiliates of these directors and officers, have engaged in loan transactions with the Company.

Outstanding loans to these related parties are summarized as follows at December 31 (in thousands):

Related Party Transactions	2024	2023
Directors	\$ 566	\$ 1,266
Executive officers (non-directors)	9	28
	<u>\$ 575</u>	<u>\$ 1,294</u>

During 2024, total advances to these directors and officers were \$36,000 and total loan payments were \$185,000. Directors and officers had unused lines of credit with the Company of \$367,000 and \$359,000 at December 31, 2024 and 2023, respectively. The outstanding loans were reduced by \$570,000 due to the resignation of a director in 2024. As of December 31, 2024 and 2023, the amount of deposits of related parties was \$3,233,000 and \$3,572,000, respectively.

#### (16) Employee Benefit Plans

##### Pension Benefits

The Company has a noncontributory defined benefit pension plan. The plan is closed to new participants hired after September 30, 2010. The Company's funding policy is to contribute annually an amount sufficient to satisfy the minimum funding requirements of the Employee Retirement Income Security Act, but not greater than the maximum amount that can be deducted for Federal income tax purposes. Contributions are intended to provide not only for benefits attributed to service to date, but also for benefits expected to be earned in the future.

The Company has no minimum required pension contribution for 2025. The Company does not expect to contribute to its pension plan in 2025. Benefits, which reflect estimated future employee service, are expected to be paid as follows (in thousands):

##### Estimated Future Benefits

2025	\$ 1,017
2026	1,040
2027	1,046
2028	1,058
2029	1,082
Years 2030-2034	5,382

The following is a summary of changes in the benefit obligations and plan assets for the pension plan for the December 31, 2024 and 2023 measurement dates, together with a reconciliation of the plan's funded status to the amounts recognized in the consolidated balance sheets (in thousands):

### Changes in Benefit Obligations, Plan

#### Assets and Funded Status

#### As of the Measurement Date, December 31, 2024 2023

##### Change in benefit obligation:

Beginning of year	\$ 16,537	\$ 15,112
Service cost	297	258
Interest cost	819	797
Plan amendments	14	—
Actuarial loss (gain)	(844)	1,157
Benefits paid and expected expenses	<u>(1,536)</u>	<u>(787)</u>
End of year	<u>15,287</u>	<u>16,537</u>

##### Changes in fair value of plan assets:

Beginning of year	23,129	20,656
Actual return on plan assets	1,340	3,355
Employer contributions	—	—
Benefits paid and actual expenses	<u>(1,612)</u>	<u>(882)</u>
End of year	<u>22,857</u>	<u>23,129</u>

##### Funded status at end of year, recognized in

other assets on the balance sheet	<u>\$ 7,570</u>	<u>\$ 6,592</u>
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##### Amounts recognized in accumulated other comprehensive loss consists of:

Unrecognized actuarial loss	\$ <u>(280)</u>	\$ <u>(1,451)</u>
Net amount recognized	<u>\$ (280)</u>	<u>\$ (1,451)</u>

The projected benefit obligation for the pension plan was \$15,287,000 and \$16,537,000 at December 31, 2024 and 2023, respectively. The accumulated benefit obligation for the pension plan was \$14,272,000 and \$15,515,000 at December 31, 2024 and 2023, respectively.

The components of the net periodic benefit cost for the years ended December 31, the plan was as follows (in thousands):

#### Net Periodic Benefit Cost

#### For the year ended December 31, 2024 2023

##### Net periodic benefit cost:

Service cost	\$ 298	\$ 258
Interest cost	819	797
Expected return on plan assets	(924)	(1,096)
Recognized net actuarial loss	<u>—</u>	<u>47</u>
Total net periodic benefit cost (income)	<u>\$ 193</u>	<u>\$ 6</u>

#### Net Periodic Benefit Cost (continued)

#### For the year ended December 31, 2024 2023

Net gain	\$ (1,184)	\$ (1,006)
Prior service cost	13	—
Amortization of net loss	<u>—</u>	<u>(47)</u>
Total recognized in other comprehensive loss	<u>\$ (1,171)</u>	<u>\$ (1,053)</u>
Total recognized in net periodic benefit cost and other comprehensive loss	<u>\$ (978)</u>	<u>\$ (1,047)</u>

The components of net periodic benefit cost other than the service cost component are included in the line item "Other non-interest expense" in the *Consolidated Statements of Income*.

The company measures its pension obligation using the PRI-2012 total data set employee/retiree sex-distinct mortality tables, with contingent survivor tables for current beneficiaries, with full generational projection using scale MP-2021. The increase in the discount rate from 5.10% to 5.65% increased the Projected Benefit Obligation by approximately \$1.0 million. Assumptions used to determine benefit obligations for the pension plan and for the other post-retirement benefits plan as of the December 31 measurement date were as follows:

<b>Benefit Obligation Assumptions</b>	<b>2024</b>	<b>2023</b>
Discount rate	5.65%	5.10%
Rate of compensation increase	4.00	4.00

As of December 31, 2024, the pension plan discount rate decreased to 5.10% compared to 5.43% as of December 31, 2023 due to observations of estimates inherent in market data. Assumptions used to determine net periodic benefit cost were as follows:

<b>Net Periodic Benefit</b>	<b>2024</b>	<b>2023</b>
Discount rate	5.10%	5.43%
Expected long-term rate of return on plan assets	4.50	6.00
Rate of compensation increase	4.00	3.00

The Company's expected long-term rate of return on plan assets reflects long-term earnings expectations and was determined based on historical returns earned by existing plan assets adjusted to reflect expectations of future returns as applied to the plan's targeted allocation of assets.

The Company's pension plan asset allocation at December 31, by asset category is as follows:

<b>Pension Plan Asset Allocation</b>	<b>2024</b>	<b>2023</b>
Asset category:		
Equity securities	0%	0%
U.S. Government securities	0	0
Debt securities	0	0
Mutual funds	70	50
Other (cash and Cash equivalents)	30	50

The following table presents pension plan assets measured at fair value on a recurring basis by their level within the fair value hierarchy as of December 31, 2024 and 2023, (in thousands). Financial assets are classified based on the lowest level of input that is significant to their fair value measurement.

Fair Value Hierarchy For Pension Plan Assets	Total	(Level 1) Quoted Prices in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs
<b>Asset category as of December 31, 2024</b>				
Cash and cash equivalents	\$ 6,967	\$ 6,967	\$ —	\$ —
Mutual funds:				
U.S. companies	6,449	6,449	—	—
International companies	1,438	1,438	—	—
U.S. companies – fixed income	2,405	2,405	—	—
International companies – fixed income	5,135	5,135	—	—
International Commodities	224	224	—	—
Real estate	239	239	—	—
	<u>\$ 22,857</u>	<u>\$ 22,857</u>	<u>\$ —</u>	<u>\$ —</u>
<b>Asset category as of December 31, 2023</b>				
Cash and cash equivalents	\$ 11,557	\$ 11,557	\$ —	\$ —
Mutual funds:				
U.S. companies	1,677	1,677	—	—
International companies	829	829	—	—
U.S. companies – fixed income	2,967	2,967	—	—
International companies – fixed income	5,650	5,650	—	—
International Commodities	206	206	—	—
Real estate	243	243	—	—
	<u>\$ 23,129</u>	<u>\$ 23,129</u>	<u>\$ —</u>	<u>\$ —</u>

In 2023, the Company moved the investment manager and custodian for the Jeff Bank Pension Plan from Citizens to Milliman Advisors, LLC and Matrix Trust Company, respectively. Matrix has been given direction by the Company to determine the appropriate strategic asset allocation as governed by the Company's Investment Policy Statement and Guidelines which provides specific targeted asset allocations for each investment category as follows:

<u>Asset Allocation Targets</u>	<u>Allocation</u>
US Cash	31%
US Large Cap Equity	18%
Long Term Bond	13%
Extended Term Bond)	8%
Short Term Bond	8%
Foreign Developed Equity	5.5%
US Mid Cap Equity	5%
US Small Cap Equity	3%
High Yield Bond	2%
Intermediate Term Bond	2%
Inflation Protected Bond	1.5%
Infrastructure - Public	1%
Real Estate	1%
Commodities	1%

### **Profit Incentive Program**

The Company maintains a profit incentive program for all employees. The accrued benefit at December 31, 2024 and 2023 was \$767,000 and \$744,000, respectively. The Company recorded an expense of \$767,000 and \$744,000 relating to this plan during the years ended December 31, 2024 and 2023, respectively.

### **Tax-Deferred Savings Plan**

The Company maintains a qualified 401(k) plan for all full-time employees and part-time employees who work 500 or more hours during the year, which permits tax-deferred employee contributions up to the greater of 75% of salary or the maximum allowed by law and provides for matching contributions by the Company. The Company matches 100% of employee contributions up to 4% of the employee's salary and 25% of the next 2% of the employee's salary. The Company incurred annual expenses of \$276,000 and \$275,000 in 2024 and 2023, respectively.

### **Supplemental Executive Retirement Plan**

The Company maintains a Supplemental Executive Retirement Plan for certain executive officers primarily to restore benefit reductions in certain employee benefit plans due to Internal Revenue Service regulations. The benefits accrued under this plan totaled \$4,333,000 at December 31, 2024 and \$4,183,000 at December 31, 2023 and are unfunded. The Company recorded an expense of \$436,000 and \$404,000 relating to this plan during the years ended December 31, 2024 and 2023, respectively. The components of net periodic benefit cost other than the service cost component are included in the line item "Other non-interest expense" in the *Consolidated Statements of Income*.

### **Director Retirement Plan**

The Company maintains a Director Retirement Plan in order to provide certain retirement benefits to participating directors. Generally, each participating director receives an annual retirement benefit of eighty percent of their average annual cash compensation during the three highest calendar years, as defined in the plan. This annual retirement benefit is payable until death. The benefits accrued under this plan totaled \$809,000 and \$790,000 at December 31, 2024 and 2023, respectively, and are unfunded. The Company recorded an expense of \$119,000 and \$120,000, relating to this plan during the years ended December 31, 2024 and 2023, respectively.

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## **(17) Commitments and Contingent Liabilities**

### **Legal Proceedings**

The Company and the Bank are, from time to time, defendants in routine legal proceedings relating to the ordinary conduct of their business. In the best judgment of management, the consolidated financial position and results of operations of the Company will not be affected materially by the outcome of any pending legal proceedings.

### **Off-Balance-Sheet Financial Instruments**

The Company is a party to certain financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These are limited to commitments to extend credit and standby letters of credit which involve, to varying degrees, elements of credit risk in excess of the amounts recognized in the consolidated balance sheets. The contract amounts of these instruments reflect the extent of the Company's involvement in particular classes of financial instruments.

The Company's maximum exposure to credit loss, in the event of nonperformance by the other party to these instruments, would be the

contract amount, assuming that they are fully funded at a later date and any collateral proves to be worthless. The Company uses the same credit policies in making commitments as it does for on-balance-sheet extensions of credit.

Contractual amounts of financial instruments that represent agreements to extend credit are as follows at December 31 (in thousands):

<b>Off-Balance Sheet Financial Instruments</b>	<b>2024</b>	<b>2023</b>
Loan origination commitments and unused lines of credit:		
Commercial and residential mortgages	\$ 27,542	\$ 28,904
Commercial loans	24,243	24,488
Home equity lines	5,544	4,868
Other consumer lines	<u>2,107</u>	<u>2,245</u>
	59,436	60,505
Standby letters of credit	<u>352</u>	<u>868</u>
	<u>\$ 59,788</u>	<u>\$ 61,373</u>

These agreements to extend credit have been granted to customers within the Company's lending area described in Note 5 and relate primarily to fixed and variable rate loans. As of December 31, 2024 and 2023, the balance for ECL was \$140,000 and \$112,000, respectively.

Loan origination commitments and lines of credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. These agreements generally have fixed expiration dates or other termination clauses and may require payment of a fee by the customer. Since commitments and lines of credit may expire without being fully drawn upon, the total contract amounts do not necessarily represent future cash requirements.

The Company evaluates each customer's creditworthiness on a case-by-case basis. Mortgage commitments are secured by liens on real estate. Collateral on extensions of credit for commercial loans vary but may include accounts receivable, equipment, inventory, livestock, and income-producing commercial property.

The Company does not issue any guarantees that would require liability-recognition or disclosure, other than its standby letters of credit. The Company has issued unconditional commitments in the form of standby letters of credit to guarantee payment on behalf of a customer and guarantee the performance of a customer to a third party. Standby letters of credit generally arise in connection with lending relationships. The credit risk involved in issuing these instruments is essentially the same as that involved in extending loans to customers. Contingent obligations under standby letters of credit totaled \$352,000 at December 31, 2024 and \$868,000 at December 31, 2023 and represent the maximum potential future payments the Company could be required to make. Typically, these instruments have terms of twelve months or less and expire unused; therefore, the total amounts do not necessarily represent future cash requirements. Each customer is evaluated individually for creditworthiness under the same underwriting standards used for commitments to extend credit and on-balance-sheet instruments. Company policies governing loan collateral apply to standby letters of credit at the time of credit extension. Loan-to-value ratios are generally consistent with loan-to-value requirements for other commercial loans secured by similar types of collateral. The fair value of the Company's standby letters of credit at December 31, 2024 and 2023 was not significant.

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**(18) Fair Values of Financial Instruments**

The Company follows ASC Topic 820 *Fair Value Measurements and Disclosures* ("ASC 820"), which provides a framework for measuring and disclosing fair value under generally accepted accounting principles. ASC 820 requires disclosures about the fair value of assets and liabilities recognized in the consolidated balance whether the measurements are made on a recurring basis (for example, available-for-sale investment securities) or on a nonrecurring basis (for example, impaired loans).

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard established a fair value hierarchy that prioritizes the inputs to valuation methods used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

- Level 1:* Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.
- Level 2:* Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3:* Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported with little or no market activity).

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, an asset's or liability's level is based on the lowest level of input that is significant to the fair value measurement.

For assets measured at fair value on a recurring and non-recurring basis, the fair value measurements by level within the fair value hierarchy used at December 31, 2024 and 2023, respectively, are as follows (in thousands):

Fair Value Hierarchy For Assets Valued on a Recurring and Non-recurring Basis	Total	(Level 1) Quoted Prices in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs
<b>December 31, 2024:</b>				
Recurring:				
Available for sale securities				
Government sponsored enterprises (GSE)	\$ 1,421	\$ —	\$ 1,421	\$ —
Obligations of states and political subdivisions <sup>(a)</sup>	109,558	—	109,558	—
Mortgage backed securities and collateralized mortgage obligations – GSE residential <sup>(a)</sup>	7,965	—	7,965	—
Corporate debt	58,914	—	58,914	—
Equity securities held at fair value	<u>578</u>	<u>578</u>	<u>—</u>	<u>—</u>
	<u>\$ 178,436</u>	<u>\$ 578</u>	<u>\$ 177,858</u>	<u>\$ —</u>
Non-recurring:				
Collateral dependent loans	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
<b>December 31, 2023:</b>				
Recurring:				
Available for sale securities				
Government sponsored enterprises (GSE)	\$ 26,223	\$ —	\$ 26,223	\$ —
Obligations of states and political subdivisions <sup>(a)</sup>	118,344	—	118,344	—
Mortgage backed securities and collateralized mortgage obligations – GSE residential <sup>(a)</sup>	10,711	—	10,711	—
Corporate debt	65,709	—	65,709	—
Equity securities held at fair value	<u>517</u>	<u>517</u>	<u>—</u>	<u>—</u>
	<u>\$ 221,504</u>	<u>\$ 517</u>	<u>\$ 220,987</u>	<u>\$ —</u>
Non-recurring:				
Collateral dependent loans	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

(a) Based on its analysis of the nature and risks of these investments, the Company has determined that presenting them as a single class is appropriate.

ASC Topic 825 *Financial Instruments* ("ASC 825") requires disclosure of fair value information about financial instruments whether or not recognized on the balance sheet, for which it is practicable to estimate fair value. Fair value estimates are made as of a specific point in time based on the characteristics of the financial instruments and the relevant market information. Where available, quoted market prices are used. In other cases, fair values are based on estimates using present value or other valuation techniques. These techniques involve uncertainties and are significantly affected by the assumptions used and the judgments made regarding risk characteristics of various financial instruments, discount rates, prepayments, estimates of future cash flows, future expected loss experience, and other factors. Changes in assumptions could significantly affect these estimates. Derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, may or may not be realized in an immediate sale of the instrument.

Under ASC 825, fair value estimates are based on existing financial instruments without attempting to estimate the value of anticipated future

business and the value of the assets and liabilities that are not financial instruments. Accordingly, the aggregate fair value amounts of existing financing instruments do not represent the underlying value of those instruments on the books of the Company.

#### Securities

The fair value of equity securities are determined by obtaining quoted market prices on nationally recognized securities exchanges (Level 1). The fair value of securities available for sale (carried at fair value) and held to maturity (carried at amortized cost) are determined by obtaining quoted market prices on nationally recognized securities exchanges (Level 1), or matrix pricing (Level 2), which is a mathematical technique used widely in the industry to value debt securities without relying exclusively on quoted market prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted prices. The carrying values for securities maturing within 90 days approximate fair values because there is little interest rate or credit risk associated with these instruments.



**Collateral Dependent Loans**

Collateral dependent loans, which are predominately commercial and consumer real estate loans, where the customer is experiencing financial difficulty and where it is probable that the Bank will be unable to collect all amounts due per the contractual terms of the loan agreement. These loans are placed on non-accrual unless it is a residential mortgage with a loan to value of 60% or more, The Bank will measure impairment based on the fair value of the loan's collateral. Fair value is generally determined based upon independent third-party appraisals of the properties, liquidation value or discounted cash flows based upon the expected proceeds. These assets are included as Level 3 fair values, based upon the lowest level of input that is significant to the fair value measurements. Collateral dependent loans are transferred out of the Level 3 fair value hierarchy when payments reduce the outstanding loan balance below the

fair value of the loan's collateral or the loan is foreclosed upon. If the financial condition of the borrower improves such that collectability of all contractual amounts due is probable, and payments are current for six months, the loan is transferred out of individually reviewed status. As of December 31, 2024 the fair values of collateral-dependent individually reviewed loans were calculated using an outstanding balance of \$3,108,000 net of charge-offs with no specific valuation allowance. At December 31, 2023, the fair values of collateral-dependent individually evaluated loans were calculated using an outstanding balance of \$4,558,000, net of charge-offs with no specific valuation allowance. Impaired loans not requiring an allowance represent loans for which the fair value of the expected repayments or collateral exceed the recorded investments in such loans.

There were no assets held for which the Company measured at fair value on a nonrecurring basis for 2024 or 2023.

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The following table presents financial assets and financial liabilities that were measured or disclosed at carrying and fair value on a recurring and nonrecurring basis by level within the fair value hierarchy as of December 31, 2024 and 2023.

Financial Assets and Liabilities (in thousands)	Carrying Value	Fair Value	(Level 1) Quoted Prices in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs
<b>December 31, 2024</b>					
<b>Financial assets:</b>					
Cash and cash equivalents <sup>(2)</sup>	\$ 64,569	\$ 64,569	\$ 64,569	\$ —	\$ —
Securities available for sale <sup>(1)</sup>	177,858	177,858	—	177,858	—
Equity securities held at fair value <sup>(3)</sup>	578	578	578	—	—
Securities held to maturity	7,180	7,302	—	7,302	—
Loans, net	335,375	308,043	—	—	308,043
Accrued interest receivable <sup>(2)</sup>	2,647	2,647	2,647	—	—
Restricted investments <sup>(2)</sup>	526	526	—	526	—
<b>Financial liabilities:</b>					
Savings, money market and checking accounts <sup>(2)</sup>	470,895	470,895	470,895	—	—
Time deposits and brokered deposits	59,683	58,371	—	58,371	—
FRB borrowing	—	—	—	—	—
Accrued interest payable <sup>(2)</sup>	54	54	54	—	—
<b>December 31, 2023</b>					
<b>Financial assets:</b>					
Cash and cash equivalents <sup>(2)</sup>	\$ 82,208	\$ 82,208	\$ 82,208	\$ —	\$ —
Securities available for sale <sup>(1)</sup>	220,987	220,987	—	220,987	—
Equity securities held at fair value <sup>(3)</sup>	517	517	517	—	—
Securities held to maturity	6,703	6,643	—	6,643	—
Loans, net	334,187	308,774	—	—	308,774
Accrued interest receivable <sup>(2)</sup>	2,965	2,965	2,965	—	—
Restricted investments <sup>(2)</sup>	506	506	—	506	—
<b>Financial liabilities:</b>					
Savings, money market and checking accounts <sup>(2)</sup>	484,609	484,609	484,609	—	—
Time deposits and brokered deposits	89,796	94,848	—	94,848	—
FRB borrowing	25,000	24,985	—	—	24,985
Accrued interest payable <sup>(2)</sup>	450	450	450	—	—

(1) The financial instruments are carried at fair value through accumulated other comprehensive income.

(2) The financial instrument is carried at cost which approximated the fair value of the instrument.

(3) The financial instruments are carried at fair value through non-interest income.

## Directors

David W. Bodenstein  
President  
Mike Preis, Inc.

Karen Fisher  
President & Co-Owner  
Fisher Mears Associates

George W. Kinne, Jr.  
President  
Chief Executive Officer  
Jeffersonville Bancorp

Kenneth C. Klein  
Kenneth C. Klein, Esquire

Andrew J. Pavloff, CPA, CGMA  
Partner  
Waschitz Pavloff, CPA, LLP

Elizabeth B. Rowley, CFRE  
President  
Chief Executive Officer  
Community Foundation of Orange  
& Sullivan

Frederick W. Stabbert, III  
President  
Catskill Delaware Publications  
Publisher  
Sullivan County Democrat

Edward T. Sykes  
President  
Callicoon Co-op Insurance

## Officers

George W. Kinne, Jr.  
President  
Chief Executive Officer

John A. Russell  
Executive Vice President  
Chief Financial Officer

Tatiana C. Hahn  
Executive Vice President  
Chief Lending Officer

Amber Benson  
Vice President  
Compliance Officer/  
Audit Coordinator

Jillian Bertot  
Assistant Vice President  
Branch Manager  
Eldred

Margaret Blaut  
Vice President  
Retail Banking Administrator/  
Security Officer

Michelle Brockner  
Assistant Vice President  
Training Officer

Kelsey Conklin  
Assistant Vice President  
Assistant Loan Servicing Manager

Jill Cook  
Vice President  
Assistant Controller

Ursula Curry  
Assistant Vice President  
Assistant Deposit Operations  
Manager

Bertha Donohue  
Vice President  
Branch Manager  
Liberty

Stephanie Drongoski  
Branch Manager  
Port Jervis

Linda Fisk  
Vice President  
Regional Branch Manager  
Livingston Manor

Bryan Flynn  
Vice President  
Commercial Loan Officer

Jill Goodall  
Assistant Vice President  
Commercial Loan Administrator

Marisa Heisler  
Vice President  
Information Technology Director

Florence Horecky  
Vice President  
Operations Officer

Audrey Jefferson  
Branch Manager  
Wurtsboro

Dawn Kaplan  
Assistant Branch Manager  
Monticello

Melanie Karkos  
Assistant Vice President  
Deposit Operations Manager

Jessica Kenyon  
Quality Control Officer

Alexis McCarthy  
Accounting Specialist III

Diane McGrath  
Vice President  
Loan Servicing Manager

Tanja McKerrell  
Senior Vice President  
Senior Loan Officer

Sherry McNutt  
Float Assistant Manager/  
Retail Trainer

Kirsten Mitchell  
Universal Banker II

Deborah Muzuruk  
Assistant Vice President  
Executive Assistant  
Facility Manager

Mark Nelson  
Assistant Vice President  
Senior Network Engineer

Edwin Neumann  
Assistant Vice President  
Commercial Loan Portfolio  
Analyst/Manager

Amber Novikov  
Assistant Vice President  
Branch Manager/Sales Coordinator  
Jeffersonville

Abigail Opper  
Vice President  
Controller

Valerie Panich  
Vice President  
Loan Origination Manager

Lale Perez  
Assistant Vice President  
Branch Manager  
Anawana Lake

LeighAnne Pfriendr  
Vice President  
Commercial Processing Manager

Barbara Pietrucha  
Assistant Vice President  
Senior Human Resources Generalist

Jaclene Poley  
Marketing Coordinator

Cassandra Rhodes  
Assistant Branch Manager  
Jeffersonville

Brandy Smith  
Assistant Vice President  
Assistant Loan Origination Manager

Lisa Stewart  
Branch Manager  
Callicoon

Melinda Stratton  
Assistant Vice President  
Branch Manager  
Monticello

Heinrich Strauch  
Vice President  
Commercial Loan Officer

Leanne Stuhlmiller  
Vice President  
BSA Officer / Information Security  
Officer

Matthew Sush  
Business Relationship Officer

Claire Taggart  
Senior Vice President  
Human Resources Director

Alicia Tuleweit  
Assistant Branch Manager  
Livingston Manor

Stacey Zayas  
Assistant Branch Manager  
Liberty

## Staff

Meagan Avellino	Zoe Ellson	Jennifer Mapes	Denise Smestad
Tim Bernhardt	Carla Fuentes	Katelyn McCarthy	Terri Specht
Kevin Bourne	Julian Gaytan	Cathy Mickelson	Kristan Spurling
Guy Bostian	Terri Giglio	Shania Morales	Luke Starkweather
Kayla Brockner	Danielle Hill	Elena Morris	Tanner Stephens
Paul Brockner	Audra Hubert	Jessica O'Brien	Diana Sunnekalb
Joyce Brooks	Khafifa Javed	John Rapp	Jackie Thomaz
Yolanda Bruno	Triston Jaycox	Sherri Rhyne	Mckenzie Townsend
Guytano Carillo	Jenna Keesler	Alberta Riker	Shannon Umbaugh
Andrew Carmona	Noma Lacey	Kassidy Roeback	Linda Vetere
Dina Conklin	Jessica Leonard	Ezekiel Romero	Rebecca Wegman
Amanda Craft	Andrea Licon Palma	Patrick Schadt	Jessica Wolk
Anthony Curcio	Robert Lohr	Michaela Schaefer	Angelina Yearwood
Coriann Decker	Mallorie MacNeil	Therese Schanil	Jenna Yearwood
Rebeckah Decker	Lisa Malaspina	Nikki Schreiner	Mirjana Yearwood
Gina DeRobertis	Iris Mancias	Sarah Senol	Monika Zalewska

## Shareholder Information

The Company's common stock is traded on the OTC Markets Group OTCQB Marketplace under the symbol JFBC. The following companies are known to make a market in our stock: Stifel, Nicolaus & Company, Incorporated, Monroe Financial Partners, Inc., Canaccord Genuity, Inc., Citadel Securities. The following table shows the range of high and low sales for the Company's stock and cash dividends paid for the quarters indicated.

For the Quarter End:	Sales Low	Sales High	Cash Dividends Paid
December 31, 2024	\$17.75	\$21.50	\$ 0.15
September 30, 2024	\$16.51	\$21.00	\$ 0.15
June 30, 2024	\$16.65	\$18.55	\$ 0.15
March 31, 2024	\$16.60	\$20.50	\$ 0.30
December 31, 2023	\$16.13	\$18.70	\$ 0.15
September 30, 2023	\$17.11	\$20.31	\$ 0.15
June 30, 2023	\$15.00	\$20.00	\$ 0.15
March 31, 2023	\$16.00	\$20.00	\$ 0.25

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*Annual Report of Jeffersonville Bancorp*



## Jeff Bank Offices

### Callicoon Office

4499 State Route 17B, Callicoon, NY 12723

(845) 887-4866

### Eldred Office

561 State Route 55, Eldred, NY 12732

(845) 557-8513

### Jeffersonville Office

4864 State Route 52, Jeffersonville, NY 12748

(845) 482-4000

### Liberty Office

19 Church Street, Liberty, NY 12754

(845) 292-6300

### Livingston Manor Office

33 Main Street, Livingston Manor, NY 12758

(845) 439-8123

### Monticello - Anawana Lake Road

18 Anawana Lake Road, Monticello, NY 12701

(845) 794-3988

### Monticello - Forestburgh Road

19 Forestburgh Road, Monticello, NY 12701

(845) 791-4000

### Port Jervis Office

20-22 Fowler Street, Port Jervis, NY 12771

(845) 858-5333

### White Lake Office

1460 State Route 17B, White Lake, NY 12786

(845) 583-4074

### Wurtsboro Office

230 State Route 209, Wurtsboro, NY 12790

(845) 888-5890



***4864 State Route 52 - P.O. Box 398  
Jeffersonville, NY 12748***