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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

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**FORM 8-K**

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**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**Date of Report: (Date of earliest event reported): October 30, 2019**

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**PDL Community Bancorp**

(Exact name of Registrant as Specified in Its Charter)

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**Federal**  
(State or Other Jurisdiction  
of Incorporation)

**001-38224**  
(Commission File Number)

**82-2857928**  
(IRS Employer  
Identification No.)

**2244 Westchester Avenue**  
**Bronx, NY**  
(Address of Principal Executive Offices)

**10462**  
(Zip Code)

**Registrant's Telephone Number, Including Area Code: (718) 931-9000**

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.01 per share	PDLB	The NASDAQ Stock Market, LLC

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**Item 2.02 Results of Operations and Financial Condition**

On October 30, 2019, PDL Community Bancorp (the “Company”), the holding company for Ponce Bank, issued a press release announcing its financial results for the three and nine months ended September 30, 2019. The Company’s press release is included as Exhibit 99.1 to this report.

The information set forth in this Item 2.02 and in the attached Exhibit 99.1 is deemed to be “furnished” and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended ( the “Exchange Act”), or otherwise subject to the liabilities of that Section.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
99.1	<a href="#">Press release dated October 30, 2019</a>

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**SIGNATURES**

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

**PDL Community Bancorp**

Date: October 30, 2019

By: /s/ Carlos P. Naudon

**Carlos P. Naudon**

**President**

**Chief Executive Officer**

## PDL Community Bancorp Announces 2019 Third Quarter Results

**New York** (October 30, 2019): PDL Community Bancorp (the “Company”) (NASDAQ: PDLB), the holding company for Ponce Bank (the “Bank”), reported net income of \$709,000, or \$0.04 per basic and diluted share, for the third quarter of 2019, compared to \$950,000, or \$0.05 per basic and diluted share, for the prior quarter and net income of \$402,000, or \$0.02 per basic and diluted share, for the third quarter of 2018. For the nine months ended September 30, 2019 and 2018, net income was \$2.3 million and \$2.0 million, or \$0.13 and \$0.11 per basic and diluted share, respectively.

Carlos P. Naudon, President and CEO remarked that, “the year-to-date results are evidence that management remains focused on executing on its core business while investing in capturing growth opportunities and executing strategic initiatives. The increase in net interest income from the prior year reflects the balancing of loan growth and asset quality, the increase in occupancy and equipment expense evidences the continued branch transformation initiative, and the shares repurchased this year have added value to shareholders.”

### Net Income

The \$241,000 decrease in net income from the prior quarter reflects a \$627,000, or 7.2%, increase in noninterest expense, a \$118,000, or 3.8%, increase in interest expense, a \$107,000, or 15.6%, decrease in noninterest income and a \$14,000 increase in provision for loan losses, offset by a \$539,000, or 4.3%, increase in interest and dividend income and a \$86,000, or 23.1%, decrease in provision for income taxes.

The \$307,000 increase in net income from the same quarter last year reflects a \$1.2 million, or 10.4%, increase in interest and dividend income and a \$588,000 decrease in provision for loan losses, offset by a \$698,000, or 28.0%, increase in interest expense, a \$565,000, or 6.4%, increase in noninterest expense, a \$135,000, or 18.9%, decrease in noninterest income and a \$99,000, or 52.7%, increase in provision for income taxes.

Net income for the nine months ended September 30, 2019 and 2018 was \$2.3 million and \$2.0 million, respectively. For the nine months ended September 30, 2019, net income reflects an increase of \$3.9 million, or 11.6%, in interest and dividend income and a \$871,000, or 84.2%, decrease in provision for loan losses, offset by a \$2.4 million, or 35.5%, increase in interest expense, a \$1.6 million, or 6.5%, increase in noninterest expense, a \$344,000, or 55.2%, increase in provision for income taxes and a \$104,000, or 4.9%, decrease in noninterest income.

### Net Interest Margin

The net interest margin increased by 8 basis points to 3.83% for the three months ended September 30, 2019 from 3.75% for the three months ended June 30, 2019, while the net interest rate spread increased by 10 basis points to 3.44% from 3.34% for the same periods. Average interest-earning assets increased by \$11.4 million, or 1.1%, to \$1,010.9 million for the three months ended September 30, 2019 from \$999.4 million for the three months ended June 30, 2019. The average yield on interest-earning assets increased by 10 basis points to 5.08% from 4.98%, for the same periods. Average interest-bearing liabilities increased by \$19.1 million, or 2.5%, to \$769.4 million for the three months ended September 30, 2019 from \$750.3 million for the three months ended June 30, 2019. The average rate on interest-bearing liabilities was unchanged at 1.64% for both periods.

The net interest margin decreased by 3 basis points to 3.83% for the three months ended September 30, 2019 from 3.86% for the three months ended September 30, 2018, while the net interest rate spread decreased by 5 basis points to 3.44% from 3.49% for the same periods. Average interest-earning assets increased by \$59.7 million, or 6.3%, to \$1,010.9 million for the three months ended September 30, 2019 from \$951.2 million for the three months ended September 30, 2018. The average yield on interest-earning assets increased by 18 basis points to 5.08% from 4.90% for the same periods. Average interest-bearing liabilities increased by \$65.3 million, or 9.3%, to \$769.4 million for the three months ended September 30, 2019 from \$704.1 million for the three months ended September 30, 2018. The average rate on interest-bearing liabilities increased by 24 basis points to 1.64% from 1.40% for the same periods.

### Noninterest Income

Noninterest income decreased to \$579,000 for the three months ended September 30, 2019, down \$107,000, or 15.6%, from \$686,000 for the three months ended June 30, 2019. The decrease was attributable to decreases of \$112,000, or 42.7%, in late and prepayment charges related to mortgage loans and \$26,000, or 15.1%, in other noninterest income offset by increases of \$19,000, or 8.3%, in service charges and fees and \$12,000, or 50.0%, in brokerage commissions.

Noninterest income decreased to \$579,000 for the three months ended September 30, 2019, down \$135,000, or 18.9%, from \$714,000 for the three months ended September 30, 2018. The decrease was mainly attributable to decreases of \$250,000, or 87.4%, in

brokerage commissions and \$26,000, or 15.1%, in other noninterest income offset by increases of \$85,000, or 130.8%, in late and prepayment charges related to mortgage loans and \$56,000, or 29.3%, in service charges and fees.

### **Noninterest Expense**

Noninterest expense was \$9.3 million for the three months ended September 30, 2019, up \$627,000, or 7.2%, from \$8.7 million for the three months ended June 30, 2019. The increase was mainly attributable to increases in professional fees of \$223,000; occupancy and equipment of \$211,000 as a result of prior quarter project completion expenses; compensation and benefits expense of \$191,000 as a result of expenses related to new hires and annual merit increase; insurance and surety bond premiums of \$63,000; regulatory dues of \$23,000 and office supplies, telephone and postage expenses of \$10,000. The increase in noninterest expense was partially offset by decreases in other operating expenses of \$57,000 mainly due to a credit from the Federal Deposit Insurance Corporation in the amount of \$205,000 related to our FDIC deposit insurance assessment; and data processing expenses of \$33,000.

Noninterest expense increased \$565,000, or 6.4%, to \$9.3 million for the three months ended September 30, 2019 from \$8.8 million for the three months ended September 30, 2018. The increase was mainly attributable to increases in occupancy and equipment of \$358,000 as a result of rebranding and branch renovation initiatives; compensation and benefits expense of \$120,000 as a result of expenses related to restricted stock and stock options; other operating expenses of \$90,000 as a result of increase in recruiting fees of \$107,000 offset by a credit from the Federal Deposit Insurance Corporation in the amount of \$205,000 related to our FDIC deposit insurance assessment; insurance and surety bond premiums of \$59,000; and data processing expenses of \$56,000 as a result of system enhancements and implementation charges related to software upgrades and additional products. The increase in noninterest expense was partially offset by decreases in direct loan expenses of \$82,000; office supplies, telephone and postage expenses of \$27,000 and professional fees of \$22,000.

### **Asset Quality**

Nonperforming assets increased to \$10.3 million, or 0.94% of total assets, at September 30, 2019, from \$10.1 million, or 0.96% of total assets, at June 30, 2019 and \$6.6 million, or 0.67% of total assets, at September 30, 2018. The increase from June 30, 2019 is mainly attributable to an increase in nonaccrual, 1-4 family residential loans of \$522,000.

There was a \$14,000 provision for loan losses for the quarter ended September 30, 2019, compared to \$0 for the quarter ended June 30, 2019 and \$602,000 for the quarter ended September 30, 2018. The allowance for loan losses was \$12.2 million, or 1.27% of total loans, at September 30, 2019, compared to \$12.5 million, or 1.32% of total loans, at June 30, 2019 and \$12.4 million, or 1.37% of total loans, at September 30, 2018. Net charge-offs totaled \$372,000 for the quarter ended September 30, 2019, compared to net recoveries totaling \$11,000 for the quarter ended June 30, 2019 and \$13,000 for the quarter ended September 30, 2018.

### **Balance Sheet**

Total assets increased \$40.1 million, or 3.8%, to \$1,100.0 million at September 30, 2019 from \$1,059.9 million at December 31, 2018. Net loans increased \$30.0 million, or 3.3%, to \$948.5 million at September 30, 2019 from \$918.5 million at December 31, 2018. The increase in net loans was primarily due to increases of \$18.6 million, or 21.2%, in construction and land loans, \$3.9 million, or 1.0%, in 1-4 family residential and \$12.1 million, or 5.2%, in multifamily residential loans, offset by a decrease of \$4.7 million, or 29.7%, in business loans.

Steven A. Tsavaris, Executive Chairman remarked that, "while management remains optimistic about the loan production for the remainder of 2019, we are experiencing tough competition for refinancings accelerated by the decreasing interest rate environment." He also remarked that "loan originations remain close to the same levels as the previous year, but payoffs have increased as interest rates have declined."

Total deposits decreased \$51.9 million, or 6.4%, to \$757.8 million at September 30, 2019 from \$809.8 million at December 31, 2018. The decrease in deposits was mainly attributable to decreases of \$55.4 million, or 13.1 %, in certificates of deposit and \$11.7 million, or 10.1% in demand deposits offset by an increase of \$15.2 million, or 5.7%, in savings, NOW and money market accounts.

Total stockholders' equity was \$160.6 million at September 30, 2019, compared to \$169.2 million at December 31, 2018. The Company and the Bank exceeded all regulatory capital requirements to be deemed well-capitalized at September 30, 2019. The Bank's total capital to risk-weighted assets ratio was 19.29%, the tier 1 capital to risk-weighted assets ratio and the common equity tier 1 capital ratio were both 18.03%, and the tier 1 capital to total assets ratio was 13.62% at September 30, 2019, compared to 19.39%, 18.14%, and 13.66%, respectively, at December 31, 2018.

On March 22, 2019, the Board of Directors adopted a share repurchase program effective March 25, 2019 through September 24, 2019. Under the repurchase program, the Company could have repurchased up to 923,151 shares of its common stock, or approximately 5% of the outstanding shares, which are to be used primarily to fund the grants of restricted stock units and stock options made under the Company's 2018 Long-Term Incentive Plan. Repurchased shares are held by the Company as Treasury shares until used to fund the restricted stock units and option grants. A total of 886,325 shares were repurchased under the program before it

expired on September 24, 2019. During the quarter ended September 30, 2019, the Company repurchased 409,347 shares of the Company's common stock.

## **About PDL Community Bancorp**

PDL Community Bancorp is the holding company for Ponce Bank. The Bank's business primarily consists of taking deposits from the general public and investing those deposits, together with funds generated from operations and borrowings, in mortgage loans, consisting of 1-4 family residences (investor-owned and owner-occupied), multifamily residences, nonresidential properties and construction and land, and, to a lesser extent, in business and consumer loans. The Bank also invests in securities, which have historically consisted of U.S. Government and federal agency securities and securities issued by government-sponsored or government-owned enterprises, as well as, mortgage-backed securities and Federal Home Loan Bank stock. The Bank offers a variety of deposit accounts, including demand, savings, money market and certificates of deposit.

## **Forward Looking Statements**

Certain statements herein constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act and are intended to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements may be identified by words such as "believes," "will," "would," "expects," "project," "may," "could," "developments," "strategic," "launching," "opportunities," "anticipates," "estimates," "intends," "plans," "targets" and similar expressions. These statements are based upon the current beliefs and expectations of the Company's management and are subject to significant risks and uncertainties. Actual results may differ materially from those set forth in the forward-looking statements as a result of numerous factors. Factors that could cause such differences to exist include, but are not limited to, adverse conditions in the capital and debt markets and the impact of such conditions on the Company's business activities; changes in interest rates; competitive pressures from other financial institutions; the effects of general economic conditions on a national basis or in the local markets in which the Company operates, including changes that adversely affect borrowers' ability to service and repay the Company's loans; changes in the value of securities in the Company's investment portfolio; changes in loan default and charge-off rates; fluctuations in real estate values; the adequacy of loan loss reserves; decreases in deposit levels necessitating increased borrowing to fund loans and investments; operational risks including, but not limited to, cybersecurity, fraud and natural disasters; changes in government regulation; changes in accounting standards and practices; the risk that intangibles recorded in the Company's financial statements will become impaired; demand for loans in the Company's market area; the Company's ability to attract and maintain deposits; risks related to the implementation of acquisitions, dispositions, and restructurings; the risk that the Company may not be successful in the implementation of its business strategy; changes in assumptions used in making such forward-looking statements and the risk factors described in the prospectus and Quarterly Reports on Form 10-Q as filed with the Securities and Exchange Commission (the "SEC"), which are available at the SEC's website, [www.sec.gov](http://www.sec.gov). Should one or more of these risks materialize or should underlying beliefs or assumptions prove incorrect, PDL Community Bancorp's actual results could differ materially from those discussed. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this release. The Company disclaims any obligation to publicly update or revise any forward-looking statements to reflect changes in underlying assumptions or factors, new information, future events or other changes, except as may be required by applicable law or regulation.

**PDL Community Bancorp and Subsidiaries**  
**Consolidated Balance Sheets**  
(Dollars in thousands, except for share data)

	As of				
	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
<b>ASSETS</b>					
Cash and due from banks:					
Cash	\$ 6,425	\$ 6,003	\$ 5,690	\$ 45,225	\$ 5,494
Interest-bearing deposits in banks	40,965	47,007	35,877	24,553	16,895
Total cash and cash equivalents	47,390	53,010	41,567	69,778	22,389
Available-for-sale securities, at fair value	51,966	22,154	22,166	27,144	24,177
Loans receivable, net	948,548	934,236	925,099	918,509	893,884
Accrued interest receivable	3,893	3,773	3,735	3,795	3,609
Premises and equipment, net	32,805	32,205	31,777	31,135	29,293
Other real estate owned	—	58	—	—	—
Federal Home Loan Bank of New York stock (FHLBNY), at cost	8,659	4,609	2,915	2,915	2,621
Deferred tax assets	3,925	3,913	3,852	3,811	4,118
Other assets	2,802	2,158	2,485	2,814	2,620
<b>Total assets</b>	<b>\$ 1,099,988</b>	<b>\$ 1,056,116</b>	<b>\$ 1,033,596</b>	<b>\$ 1,059,901</b>	<b>\$ 982,711</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>					
Liabilities:					
Deposits	\$ 757,845	\$ 802,408	\$ 806,781	\$ 809,758	\$ 764,792
Accrued interest payable	81	88	75	63	75
Advance payments by borrowers for taxes and insurance	7,780	6,059	8,099	6,037	7,219
Advances from the Federal Home Loan Bank of New York and others	169,404	79,404	44,404	69,404	37,775
Other liabilities	4,324	2,954	3,975	5,467	5,706
<b>Total liabilities</b>	<b>939,434</b>	<b>890,913</b>	<b>863,334</b>	<b>890,729</b>	<b>815,567</b>
Commitments and contingencies					
Stockholders' Equity:					
Preferred stock, \$0.01 par value; 10,000,000 shares authorized, none issued	—	—	—	—	—
Common stock, \$0.01 par value; 50,000,000 shares authorized; 18,463,028 shares issued and 17,576,703 shares outstanding as of September 30, 2019 and 18,463,028 shares issued and outstanding as of December 31, 2018	185	185	185	185	185
Treasury stock, at cost; 886,325 shares at September 30, 2019 and no shares as of December 31, 2018	(12,663)	(6,798)	(193)	—	—
Additional paid-in-capital	85,750	85,357	84,976	84,581	84,557
Retained earnings	101,140	100,431	99,481	98,813	96,896
Accumulated other comprehensive loss	(7,947)	(7,941)	(8,035)	(8,135)	(8,101)
Unearned compensation - ESOP; 591,062 shares as of September 30, 2019 and 627,251 shares as of December 31, 2018	(5,911)	(6,031)	(6,152)	(6,272)	(6,393)
<b>Total stockholders' equity</b>	<b>160,554</b>	<b>165,203</b>	<b>170,262</b>	<b>169,172</b>	<b>167,144</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 1,099,988</b>	<b>\$ 1,056,116</b>	<b>\$ 1,033,596</b>	<b>\$ 1,059,901</b>	<b>\$ 982,711</b>

**PDL Community Bancorp and Subsidiaries**  
**Consolidated Statements of Income**  
(Dollars in thousands, except per share data)

	For the Quarters Ended				
	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
<b>Interest and dividend income:</b>					
Interest on loans receivable	\$ 12,663	\$ 12,060	\$ 12,095	\$ 12,026	\$ 11,483
Interest on deposits due from banks	117	278	149	170	141
Interest and dividend on available-for-sale securities and FHLB NY stock	173	76	138	130	113
<b>Total interest and dividend income</b>	<u>12,953</u>	<u>12,414</u>	<u>12,382</u>	<u>12,326</u>	<u>11,737</u>
<b>Interest expense:</b>					
Interest on certificates of deposit	1,896	1,904	1,956	2,078	1,942
Interest on other deposits	759	821	631	320	272
Interest on borrowings	533	345	333	321	276
<b>Total interest expense</b>	<u>3,188</u>	<u>3,070</u>	<u>2,920</u>	<u>2,719</u>	<u>2,490</u>
<b>Net interest income</b>	<u>9,765</u>	<u>9,344</u>	<u>9,462</u>	<u>9,607</u>	<u>9,247</u>
Provision for loan losses	14	—	149	215	602
<b>Net interest income after provision for loan losses</b>	<u>9,751</u>	<u>9,344</u>	<u>9,313</u>	<u>9,392</u>	<u>8,645</u>
<b>Noninterest income:</b>					
Service charges and fees	247	228	230	217	191
Brokerage commissions	36	24	109	108	286
Late and prepayment charges	150	262	139	278	65
Other	146	172	275	212	172
<b>Total noninterest income</b>	<u>579</u>	<u>686</u>	<u>753</u>	<u>815</u>	<u>714</u>
<b>Noninterest expense:</b>					
Compensation and benefits	4,667	4,476	5,014	4,371	4,547
Occupancy and equipment	1,943	1,732	1,911	1,879	1,585
Data processing expenses	398	431	353	357	342
Direct loan expenses	183	182	156	217	265
Insurance and surety bond premiums	146	83	83	94	87
Office supplies, telephone and postage	281	271	317	349	308
Professional fees	956	733	510	1,025	978
Marketing and promotional expenses	46	47	26	68	40
Directors fees	69	73	83	69	69
Regulatory dues	70	47	56	60	63
Other operating expenses	575	632	582	585	485
<b>Total noninterest expense</b>	<u>9,334</u>	<u>8,707</u>	<u>9,091</u>	<u>9,074</u>	<u>8,769</u>
<b>Income before income taxes</b>	<u>996</u>	<u>1,323</u>	<u>975</u>	<u>1,133</u>	<u>590</u>
Provision for income taxes	287	373	307	498	188
<b>Net income</b>	<u>\$ 709</u>	<u>\$ 950</u>	<u>\$ 668</u>	<u>\$ 635</u>	<u>\$ 402</u>
<b>Earnings per share:</b>					
Basic	<u>\$ 0.04</u>	<u>\$ 0.05</u>	<u>\$ 0.04</u>	<u>\$ 0.04</u>	<u>\$ 0.02</u>
Diluted	<u>\$ 0.04</u>	<u>\$ 0.05</u>	<u>\$ 0.04</u>	<u>\$ 0.04</u>	<u>\$ 0.02</u>



**PDL Community Bancorp and Subsidiaries**  
**Consolidated Statements of Income**  
(Dollars in thousands, except per share data)

	<b>For the Nine Months Ended September 30,</b>			
	<b>2019</b>	<b>2018</b>	<b>Variance \$</b>	<b>Variance %</b>
<b>Interest and dividend income:</b>				
Interest on loans receivable	\$ 36,818	\$ 32,922	\$ 3,896	11.83%
Interest on deposits due from banks	498	510	(12)	(2.35%)
Interest and dividend on available-for-sale securities and FHLB NY stock	433	399	34	8.52%
<b>Total interest and dividend income</b>	<b>37,749</b>	<b>33,831</b>	<b>3,918</b>	<b>11.58%</b>
<b>Interest expense:</b>				
Interest on certificates of deposit	5,756	5,539	217	3.92%
Interest on other deposits	2,211	655	1,556	237.56%
Interest on borrowings	1,211	578	633	109.52%
<b>Total interest expense</b>	<b>9,178</b>	<b>6,772</b>	<b>2,406</b>	<b>35.53%</b>
<b>Net interest income</b>	<b>28,571</b>	<b>27,059</b>	<b>1,512</b>	<b>5.59%</b>
Provision for loan losses	163	1,034	(871)	(84.24%)
<b>Net interest income after provision for loan losses</b>	<b>28,408</b>	<b>26,025</b>	<b>2,383</b>	<b>9.16%</b>
<b>Noninterest income:</b>				
Service charges and fees	705	627	78	12.44%
Brokerage commissions	169	424	(255)	(60.14%)
Late and prepayment charges	551	327	224	68.50%
Other	593	744	(151)	(20.30%)
<b>Total noninterest income</b>	<b>2,018</b>	<b>2,122</b>	<b>(104)</b>	<b>(4.90%)</b>
<b>Noninterest expense:</b>				
Compensation and benefits	14,157	13,466	691	5.13%
Occupancy and equipment	5,586	4,794	792	16.52%
Data processing expenses	1,182	1,050	132	12.57%
Direct loan expenses	521	572	(51)	(8.92%)
Insurance and surety bond premiums	312	275	37	13.45%
Office supplies, telephone and postage	869	960	(91)	(9.48%)
Professional fees	2,199	2,130	69	3.24%
Marketing and promotional expenses	119	147	(28)	(19.05%)
Directors fees	225	207	18	8.70%
Regulatory dues	173	177	(4)	(2.26%)
Other operating expenses	1,789	1,705	84	4.93%
<b>Total noninterest expense</b>	<b>27,132</b>	<b>25,483</b>	<b>1,649</b>	<b>6.47%</b>
<b>Income before income taxes</b>	<b>3,294</b>	<b>2,664</b>	<b>630</b>	<b>23.65%</b>
Provision for income taxes	967	623	344	55.22%
<b>Net income</b>	<b>\$ 2,327</b>	<b>\$ 2,041</b>	<b>\$ 286</b>	<b>14.01%</b>
<b>Earnings per share:</b>				
Basic	\$ 0.13	\$ 0.11	N/A	N/A
Diluted	\$ 0.13	\$ 0.11	N/A	N/A

**PDL Community Bancorp and Subsidiaries**  
**Key Metrics**

	At or for the Quarters Ended				
	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
<b>Performance Ratios:</b>					
Return on average assets	0.27%	0.37%	0.26%	0.25%	0.16%
Return on average equity	1.71%	2.26%	1.59%	1.49%	0.95%
Net interest rate spread (1)	3.44%	3.34%	3.46%	3.52%	3.49%
Net interest margin (2)	3.83%	3.75%	3.86%	3.90%	3.86%
Noninterest expense to average assets	3.54%	3.38%	3.59%	3.57%	3.54%
Efficiency ratio (3)	90.24%	86.81%	89.00%	87.07%	88.03%
Average interest-earning assets to average interest-bearing liabilities	131.38%	133.20%	133.93%	134.30%	135.09%
Average equity to average assets	15.71%	16.27%	16.58%	16.69%	17.06%
<b>Capital Ratios:</b>					
Total capital to risk weighted assets (bank only)	19.29%	19.54%	19.32%	19.39%	19.60%
Tier 1 capital to risk weighted assets (bank only)	18.03%	18.29%	18.06%	18.14%	18.35%
Common equity Tier 1 capital to risk-weighted assets (bank only)	18.03%	18.29%	18.06%	18.14%	18.35%
Tier 1 capital to average assets (bank only)	13.62%	13.64%	13.56%	13.66%	13.78%
<b>Asset Quality Ratios:</b>					
Allowance for loan losses as a percentage of total loans	1.27%	1.32%	1.33%	1.36%	1.37%
Allowance for loan losses as a percentage of nonperforming loans	117.72%	123.50%	155.87%	186.77%	(186.74%)
Net (charge-offs) recoveries to average outstanding loans	(0.15%)	0.00%	(0.16%)	0.03%	0.00%
Non-performing loans as a percentage of total loans	1.09%	1.08%	0.86%	0.73%	0.73%
Non-performing loans as a percentage of total assets	0.94%	0.96%	0.77%	0.64%	0.67%
Total non-performing assets as a percentage of total assets	0.94%	0.96%	0.77%	0.64%	0.67%
Total non-performing assets, accruing loans past due 90 days or more, and accruing troubled debt restructured loans as a percentage of total assets	1.73%	1.82%	1.74%	1.63%	1.79%
<b>Other:</b>					
Number of offices	14	14	14	14	14
Number of full-time equivalent employees	187	183	185	181	175

(1) Net interest rate spread represents the difference between the weighted average yield on interest-earning assets and the weighted average rate of interest-bearing liabilities.

(2) Net interest margin represents net interest income divided by average total interest-earning assets.

(3) Efficiency ratio represents noninterest expense divided by the sum of net interest income and noninterest income.

Key metrics calculated on income statement items were annualized where appropriate.

**PDL Community Bancorp and Subsidiaries**  
**Loan Portfolio**

	For the Quarters Ended									
	September 30, 2019		June 30, 2019		March 31, 2019		December 31, 2018		September 30, 2018	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
(Dollars in thousands)										
Mortgage loans:										
1-4 family residential										
Investor Owned	\$ 309,065	32.23%	\$ 302,428	32.00%	\$ 304,650	32.55%	\$ 303,197	32.61%	\$ 295,792	32.69%
Owner-Occupied	90,843	9.47%	92,904	9.83%	95,449	10.20%	92,788	9.98%	95,464	10.55%
Multifamily residential	244,644	25.51%	238,974	25.28%	234,749	25.09%	232,509	25.01%	219,958	24.31%
Nonresidential properties	195,952	20.44%	197,367	20.88%	199,903	21.36%	196,917	21.18%	191,603	21.17%
Construction and land	106,124	11.07%	100,995	10.69%	84,844	9.07%	87,572	9.42%	85,293	9.42%
Total mortgage loans	946,628	98.72%	932,668	98.68%	919,595	98.27%	912,983	98.20%	888,110	98.14%
Nonmortgage loans:										
Business loans	11,040	1.15%	11,373	1.20%	15,101	1.61%	15,710	1.69%	15,832	1.75%
Consumer loans	1,252	0.13%	1,151	0.12%	1,125	0.12%	1,068	0.11%	992	0.11%
Total nonmortgage loans	12,292	1.28%	12,524	1.32%	16,226	1.73%	16,778	1.80%	16,824	1.86%
Total loans	958,920	100.00%	945,192	100.00%	935,821	100.00%	929,761	100.00%	904,934	100.00%
Net deferred loan origination costs	1,788		1,562		1,727		1,407		1,316	
Allowance for losses on loans	(12,160)		(12,518)		(12,449)		(12,659)		(12,366)	
Loans, net	\$ 948,548		\$ 934,236		\$ 925,099		\$ 918,509		\$ 893,884	

**PDL Community Bancorp and Subsidiaries**  
**Nonperforming Assets**

	For the Quarters Ended				
	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
	(Dollars in thousands)				
<b>Nonaccrual loans:</b>					
Mortgage loans:					
1-4 family residential					
Investor owned	\$ 1,281	\$ 1,299	\$ 1,284	\$ 205	\$ 206
Owner occupied	1,052	479	933	1,092	1,098
Multifamily residential	—	7	13	16	—
Nonresidential properties	3,099	3,288	531	706	544
Construction and land	1,292	1,327	1,341	1,115	1,103
Nonmortgage loans:					
Business	—	—	275	—	—
Consumer	—	2	4	—	—
Total nonaccrual loans (not including non-accruing troubled debt restructured loans)	<u>\$ 6,724</u>	<u>\$ 6,402</u>	<u>\$ 4,381</u>	<u>\$ 3,134</u>	<u>\$ 2,951</u>
<b>Non-accruing troubled debt restructured loans:</b>					
Mortgage loans:					
1-4 family residential					
Investor owned	\$ 471	\$ 493	\$ 1,023	\$ 1,053	\$ 1,076
Owner occupied	2,488	2,499	1,972	1,987	1,990
Multifamily residential	—	—	—	—	—
Nonresidential properties	647	742	611	604	605
Construction and land	—	—	—	—	—
Nonmortgage loans:					
Business	—	—	—	—	—
Consumer	—	—	—	—	—
Total non-accruing troubled debt restructured loans	<u>3,606</u>	<u>3,734</u>	<u>3,606</u>	<u>3,644</u>	<u>3,671</u>
Total nonaccrual loans	<u>\$ 10,330</u>	<u>\$ 10,136</u>	<u>\$ 7,987</u>	<u>\$ 6,778</u>	<u>\$ 6,622</u>
<b>Real estate owned:</b>					
Mortgage loans:					
1-4 family residential					
Investor owned	\$ —	\$ —	\$ —	\$ —	\$ —
Owner occupied	—	—	—	—	—
Multifamily residential	—	—	—	—	—
Nonresidential properties	—	—	—	—	—
Construction and land	—	—	—	—	—
Nonmortgage loans:					
Business	—	—	—	—	—
Consumer	—	—	—	—	—
Total real estate owned	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total nonperforming assets	<u>\$ 10,330</u>	<u>\$ 10,136</u>	<u>\$ 7,987</u>	<u>\$ 6,778</u>	<u>\$ 6,622</u>
<b>Accruing loans past due 90 days or more:</b>					
Mortgage loans:					
1-4 family residential					
Investor owned	\$ —	\$ —	\$ —	\$ —	\$ —
Owner occupied	—	—	—	—	—
Multifamily residential	—	—	—	—	—
Nonresidential properties	—	—	—	—	—
Construction and land	—	—	—	—	—
Nonmortgage loans:					
Business	—	—	—	—	—
Consumer	—	—	—	—	—
Total accruing loans past due 90 days or more	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
<b>Accruing troubled debt restructured loans:</b>					
Mortgage loans:					
1-4 family residential					
Investor owned	\$ 5,226	\$ 5,267	\$ 5,157	\$ 5,192	\$ 5,224
Owner occupied	2,114	2,493	3,415	3,456	3,882
Multifamily residential	—	—	—	—	—
Nonresidential properties	1,317	1,330	1,428	1,438	1,449
Construction and land	—	—	—	—	—
Nonmortgage loans:					
Business	35	37	40	374	398
Consumer	—	—	—	—	—
Total accruing troubled debt restructured loans	<u>\$ 8,692</u>	<u>\$ 9,127</u>	<u>\$ 10,040</u>	<u>\$ 10,460</u>	<u>\$ 10,953</u>
Total nonperforming assets, accruing loans past due 90 days or more and accruing troubled debt restructured loans	<u>\$ 19,022</u>	<u>\$ 19,263</u>	<u>\$ 18,027</u>	<u>\$ 17,238</u>	<u>\$ 17,575</u>
Total nonperforming loans to total loans	1.09%	1.08%	0.86%	0.73%	0.73%
Total nonperforming assets to total assets	0.94%	0.96%	0.77%	0.64%	0.67%
Total nonperforming assets, accruing loans past due 90 days or more and accruing troubled debt restructured loans to total assets	1.73%	1.82%	1.74%	1.63%	1.79%

**PDL Community Bancorp and Subsidiaries**  
**Average Balance Sheets**

For the Three Months Ended September 30,

	2019			2018		
	Average Outstanding Balance	Interest	Average Yield/Rate (1)	Average Outstanding Balance	Interest	Average Yield/Rate (1)
(Dollars in thousands)						
<b>Interest-earning assets:</b>						
Loans	\$ 957,987	\$ 12,663	5.24%	\$ 890,063	\$ 11,483	5.12%
Available-for-sale securities	22,415	81	1.43%	25,330	89	1.39%
Other (2)	30,460	209	2.72%	35,792	165	1.83%
Total interest-earning assets	1,010,862	12,953	5.08%	951,185	11,737	4.90%
Non-interest-earning assets	35,840			32,634		
Total assets	<u>\$ 1,046,702</u>			<u>\$ 983,819</u>		
<b>Interest-bearing liabilities:</b>						
NOW/IOLA	\$ 28,183	\$ 35	0.49%	\$ 27,523	\$ 25	0.36%
Money market	144,666	685	1.88%	64,625	199	1.22%
Savings	118,308	38	0.13%	126,329	47	0.15%
Certificates of deposit	379,915	1,896	1.98%	435,159	1,942	1.77%
Total deposits	671,072	2,654	1.57%	653,636	2,213	1.34%
Advance payments by borrowers	7,991	1	0.05%	7,409	1	0.05%
Borrowings	90,361	533	2.34%	43,057	276	2.54%
Total interest-bearing liabilities	769,424	3,188	1.64%	704,102	2,490	1.40%
<b>Non-interest-bearing liabilities:</b>						
Non-interest-bearing demand	109,491	—		105,376	—	
Other non-interest-bearing liabilities	3,402	—		6,456	—	
Total non-interest-bearing liabilities	112,893	—		111,832	—	
Total liabilities	882,317	3,188		815,934	2,490	
Total equity	164,385			167,885		
Total liabilities and total equity	<u>\$ 1,046,702</u>		1.64%	<u>\$ 983,819</u>		1.40%
Net interest income		<u>\$ 9,765</u>			<u>\$ 9,247</u>	
Net interest rate spread (3)			3.44%			3.49%
Net interest-earning assets (4)	<u>\$ 241,438</u>			<u>\$ 247,083</u>		
Net interest margin (5)			3.83%			3.86%
Average interest-earning assets to interest-bearing liabilities			131.38%			135.09%

(1) Annualized where appropriate.

(2) Includes FHLB NY demand account and FHLB NY stock dividends.

(3) Net interest rate spread represents the difference between the weighted average yield on interest-earning assets and the weighted average rate of interest-bearing liabilities.

(4) Net interest-earning assets represent total interest-earning assets less total interest-bearing liabilities.

(5) Net interest margin represents net interest income divided by average total interest-earning assets.

**PDL Community Bancorp and Subsidiaries**  
**Average Balance Sheets**

For the Nine Months Ended September 30,

	2019			2018		
	Average Outstanding Balance	Interest	Average Yield/Rate (1)	Average Outstanding Balance	Interest	Average Yield/Rate (1)
(Dollars in thousands)						
<b>Interest-earning assets:</b>						
Loans	\$ 940,971	\$ 36,818	5.23%	\$ 850,316	\$ 32,922	5.18%
Available-for-sale securities	22,772	244	1.43%	27,417	299	1.46%
Other (2)	37,551	687	2.45%	45,113	610	1.81%
Total interest-earning assets	1,001,294	37,749	5.04%	922,846	33,831	4.90%
Non-interest-earning assets	35,142			33,815		
Total assets	<u>\$ 1,036,436</u>			<u>\$ 956,661</u>		
<b>Interest-bearing liabilities:</b>						
NOW/IOLA	\$ 27,298	\$ 86	0.42%	\$ 27,955	\$ 75	0.36%
Money market	124,263	2,004	2.16%	56,694	451	1.06%
Savings	120,748	118	0.13%	125,643	126	0.13%
Certificates of deposit	408,241	5,756	1.89%	438,121	5,539	1.69%
Total deposits	680,550	7,964	1.56%	648,413	6,191	1.28%
Advance payments by borrowers	8,423	3	0.05%	7,345	3	0.05%
Borrowings	64,947	1,211	2.49%	30,030	578	2.57%
Total interest-bearing liabilities	753,920	9,178	1.63%	685,788	6,772	1.32%
<b>Non-interest-bearing liabilities:</b>						
Non-interest-bearing demand	110,730	—		98,247	—	
Other non-interest-bearing liabilities	4,087	—		5,555	—	
Total non-interest-bearing liabilities	114,817	—		103,802	—	
Total liabilities	868,737	9,178		789,590	6,772	
Total equity	167,699			167,071		
Total liabilities and total equity	<u>\$ 1,036,436</u>		1.63%	<u>\$ 956,661</u>		1.32%
Net interest income		<u>\$ 28,571</u>			<u>\$ 27,059</u>	
Net interest rate spread (3)			3.41%			3.58%
Net interest-earning assets (4)	<u>\$ 247,374</u>			<u>\$ 237,058</u>		
Net interest margin (5)			3.81%			3.92%
Average interest-earning assets to interest-bearing liabilities			132.81%			134.57%

(1) Annualized where appropriate.

(2) Includes FHLB NY demand account and FHLB NY stock dividends.

(3) Net interest rate spread represents the difference between the weighted average yield on interest-earning assets and the weighted average rate of interest-bearing liabilities.

(4) Net interest-earning assets represent total interest-earning assets less total interest-bearing liabilities.

(5) Net interest margin represents net interest income divided by average total interest-earning assets.