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

FORM 8-K

CURRENT REPORT

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

Date of Report: (Date of earliest event reported): November 2, 2020

PDL Community Bancorp

(Exact name of Registrant as Specified in Its Charter)

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

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))

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 |

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.

Item 2.02 Results of Operations and Financial Condition

On November 2, 2020, PDL Community Bancorp (the “Company”), the holding company for Ponce Bank, issued a press release announcing its financial results with respect to its third quarter ended September 30, 2020. 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 | Press release dated November 2, 2020 |

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: November 2, 2020

By: /s/ Carlos P. Naudon

Carlos P. Naudon

President

Chief Executive Officer

PDL Community Bancorp Announces 2020 Third Quarter Results

New York (November 2, 2020): PDL Community Bancorp (the “Company”) (NASDAQ: PDLB), the financial holding company for Ponce Bank (the “Bank”) and Mortgage World Bankers, Inc. (“Mortgage World”), reported net income of \$4.0 million, or \$0.24 per basic and diluted share, for the third quarter of 2020, compared to a net loss of (\$571,000), or (\$0.03) per basic and diluted share, for the prior quarter and net income of \$709,000, or \$0.04 per basic and diluted share, for the third quarter of 2019.

Ponce Bank is a federal stock savings association with 13 branches in the New York City metropolitan area, including one in Union City, New Jersey. The Bank is designated a Minority Depository Institution, a Community Development Financial Institution and a certified U.S. Small Business Administration lender. Mortgage World is a licensed mortgage lender in five states. As a Federal Housing Administration (“FHA”) approved Title II lender, Mortgage World originates and sells to investors single family loans that are guaranteed by the FHA, as well as conventional mortgages.

The Company’s net income for the nine months ended September 30, 2020 was \$2.2 million, or \$0.13 per basic and diluted share, compared to net income of \$2.3 million, or \$0.13 per basic and diluted share, for the nine months ended September 30, 2019. This represented a decrease in net income of (4.4%).

Carlos P. Naudon, the Company’s President and CEO, noted “2020 continues to be a year of investing – in the safety of our people and the future of our organization and our communities – with the clear goal of enhancing stakeholder values. Much of this investment consists of one-time, non-recurring expenditures. Although COVID-19 pandemic constrained us, we were able to grow our Company to \$1.3 billion in assets, and continue our key investments: the implementation of GPS, our Salesforce based CRM, spending \$1.3 million in one-time costs; meeting the needs of Ponce Bankers by incurring non-recurring costs of \$852,000 to maintain their jobs, temporarily enhance their benefits and protect them from COVID-19 pandemic; advancing our ability to operate electronically, without paper, by investing \$982,000 in electronic imaging; and, in addition to the foregoing non-recurring expenses, protecting our asset quality by increasing ALLL by \$2.0 million in response to plausible COVID-19 pandemic repercussions. We were able to offset the combined one-time expenses and the increase in ALLL of \$5.1 million with the \$4.4 million gain recognized from the sale of the real property associated with a former branch, as we further unlock the hidden values in our assets.”

Steven A. Tsavaris, the Company’s Executive Chairman, added “the closing of the Company’s \$1.8 million acquisition of Mortgage World in July and its contribution to our earnings of \$599,000 in third quarter of 2020 reflects the Company’s potential quick payback, although the results do not reflect the expected integration of the Bank’s and Mortgage World’s operations and sales capabilities. We are pleased to continue to build shareholders’ value by repurchasing shares. As of October 28, 2020 a total of 360,184 shares have been repurchased in 2020.”

Net Income (Loss)

Net income for the three months ended September 30, 2020 was \$4.0 million, compared to \$571,000 net loss for the three months ended June 30, 2020. The increase in net income reflects a \$6.7 million increase in non-interest income, mainly as a result of a \$4.4 million gain recognized from the sale of real property, a \$1.2 million, or 9.8%, increase in interest and dividend income, a \$120,000, or 4.2%, decrease in interest expense, offset by a \$1.9 million, or 18.1%, increase in non-interest expense, a \$1.2 million increase in provision for income taxes and a \$349,000, increase in provision for loan losses.

Net income for the quarter ended September 30, 2020 was \$4.0 million, compared to \$709,000 in net income for the third quarter of 2019. The increase in net income reflects a \$6.7 million increase in non-interest income, mainly as a result of a \$4.4 million gain recognized from the sale of real property, a \$650,000, or 5.0%, increase in interest and dividend income and a \$436,000, or 13.7%, decrease in interest expense, offset by a \$3.0 million, or 32.1%, increase in non-interest expense, a \$860,000, increase in provision for income taxes and a \$606,000 increase in provision for loan losses.

Net income for the nine months ended September 30, 2020 was \$2.2 million, compared to \$2.3 million in net income for the nine months ended September 30, 2019. The change in net income reflects a \$6.4 million, or 318.6%, increase in non-interest income, mainly as a result of a \$4.4 million gain on the sale of real property, a \$1.3 million, or 3.4%, increase in interest and dividend income, a \$448,000, or 4.9%, decrease in interest expense and a \$69,000, decrease in provision for income taxes, offset by a \$6.5 million, or 23.8%, increase in non-interest expense and a \$1.9 million increase in provision for loan losses in response to the COVID-19 pandemic.

Net Interest Margin

Net interest margin increased by 20 basis points to 3.65% for the three months ended September 30, 2020 from 3.45% for the three months ended June 30, 2020, while the net interest rate spread increased by 20 basis points to 3.33% from 3.13% for the same periods. Average interest-earning assets increased by \$73.9 million, or 6.7%, mainly as a result of \$85.1 million in average outstanding PPP loans, to \$1.2 billion for the three months ended September 30, 2020 from \$1.1 billion for the three months ended June 30, 2020. The

average yield on interest-earning assets increased by 8 basis points to 4.57% from 4.49%, for the same periods. Average interest-bearing liabilities increased by \$32.1 million, or 3.8%, to \$881.0 million for the three months ended September 30, 2020 from \$848.9 million for the three months ended June 30, 2020. The average rate on interest-bearing liabilities decreased by 12 basis points to 1.24% from 1.36% for the same periods.

Net interest margin decreased by 18 basis points to 3.65% for the three months ended September 30, 2020 from 3.83% for the three months ended September 30, 2019, while the net interest rate spread decreased by 11 basis points to 3.33% from 3.44% for the same periods. Average interest-earning assets increased by \$172.7 million, or 17.1%, mainly as a result of \$85.1 million in average outstanding PPP loans, to \$1.2 billion, for the three months ended September 30, 2020 from \$1.0 billion for the three months ended September 30, 2019. The average yield on interest-earning assets decreased by 51 basis points to 4.57% from 5.08%, for the same periods. Average interest-bearing liabilities increased by \$111.5 million, or 14.5%, to \$881.0 million, for the three months ended September 30, 2020 from \$769.4 million for the three months ended September 30, 2019. The average rate on interest-bearing liabilities decreased by 40 basis points to 1.24% from 1.64% for the same periods.

Non-interest Income

Total non-interest income increased \$6.7 million to \$7.3 million for the three months ended September 30, 2020 from \$574,000 for the three months ended June 30, 2020. The increase in non-interest income for the three months ended September 30, 2020 compared to the three months ended June 30, 2020 was due to a \$4.4 million gain on the sale of real property, combined with \$2.2 million in gain on sale of mortgage loans, loan origination fees, brokerage commissions and other non-interest income attributable to Mortgage World. Other increases in non-interest income were \$132,000 in late and prepayment charges related to mortgage loans and \$91,000 in service charges and fees. The increase in non-interest income was offset by a decrease of \$23,000 in other non-interest income.

Total non-interest income increased \$6.7 million to \$7.3 million for the three months ended September 30, 2020 from \$579,000 for the three months ended September 30, 2019. The increase in non-interest income for the three months ended September 30, 2020 compared to the three months ended September 30, 2019 was due to a \$4.4 million gain on the sale of real property, combined with \$2.2 million in gain on sale of mortgage loans, loan origination fees, brokerage commissions and other non-interest income attributable to Mortgage World. The increase in non-interest income was slightly offset by a decrease of \$16,000 in late and prepayment charges related to mortgage loans and service charges and fees.

Non-interest Expense

Total non-interest expense increased \$1.9 million, or 18.1%, to \$12.3 million for the three months ended September 30, 2020, compared to \$10.4 million for the three months ended June 30, 2020. The increase in non-interest expense was primarily attributable to an increase of \$909,000 in compensation and benefits expense, of which \$817,000 was attributable to Mortgage World. Other increases in non-interest expense were \$307,000 in occupancy and equipment expense due to new software licenses and security services, \$238,000 in direct loan expenses, \$217,000 in professional fees, \$100,000 in data processing expenses as a result of system enhancements and implementation charges related to new software upgrades, \$74,000 in office supplies, telephone and postage, \$62,000 in other operating expenses mainly due to employment agency fees and \$10,000 in insurance and surety bond premiums. The increase in non-interest expense was offset by decreases of \$18,000 in marketing and promotional expenses and \$7,000 in regulatory dues. The increase of \$217,000 in professional fees was mainly attributable to an increase in consulting fees of \$288,000 and an increase in legal fees of \$81,000, offset by a decrease in professional services of \$134,000 related to the document imaging project adopted in late 2019. Included in non-interest expense for the three months ended September 30, 2020 is \$330,000 of additional expenses incurred as a result of the COVID-19 pandemic.

Total non-interest expense increased \$3.0 million, or 32.1%, to \$12.3 million for the three months ended September 30, 2020, compared to \$9.3 million for the three months ended September 30, 2019. The increase in non-interest expense was primarily attributable to an increase of \$887,000 in compensation and benefits expense, of which \$817,000 was attributable to Mortgage World. Other increases in non-interest expenses were \$641,000 in occupancy and equipment expense due to new software licenses and security services, \$597,000 in professional fees, \$259,000 in other operating expenses mainly due to employment agency fees, \$254,000 in direct loan expenses, \$198,000 in data processing expenses as a result of system enhancements and implementation charges related to new software upgrades, \$105,000 in office supplies, telephone and postage and \$81,000 in marketing and promotional expenses, offset by decreases of \$21,000 in regulatory dues and \$8,000 in insurance and surety bond premiums. The increase of \$597,000 in professional fees was mainly attributable to increases in consulting fees of \$434,000 and professional services of \$50,000 related to the document imaging project adopted in late 2019. Included in non-interest expense for the three months ended September 30, 2020 is \$330,000 of additional expenses incurred as a result of the COVID-19 pandemic. Excluding \$1.6 million in non-interest expense related to Mortgage World, total non-interest expense increased \$1.4 million, or 15.4%, to \$10.8 million for the three months ended September 30, 2020 compared to the three months ended September 30, 2019.

Asset Quality

Total non-performing assets were \$11.0 million, or 0.86% of total assets, at September 30, 2020, a decrease of \$597,000 from \$11.6 million, or 0.95% of total assets, at June 30, 2020 and a decrease of \$620,000 from \$11.6 million, or 1.10% of total assets, at December 31, 2019. Comparing non-performing assets at September 30, 2020 to June 30, 2020, total non-accruals inclusive of troubled debt restructured (“TDR”) loans related to nonresidential loans decreased by \$526,000 and 1-4 family residential loans decreased by \$281,000. Comparing nonperforming assets at September 30, 2020 to December 31, 2019, total non-accruals inclusive of TDR loans related to nonresidential loans increased by \$284,000, offset by a decrease in construction and land loans of \$1.1 million.

The Company continues to assess the economic impact of the COVID-19 pandemic on borrowers and believes that it is likely that the pandemic will be a detriment to their ability to repay in the short-term and that the likelihood of long-term detrimental effects will depend significantly on the resumption of normalized economic activities, a factor not yet determinable. The allowance for loan losses was \$14.4 million, or 1.28% of total loans (total loans include \$86.2 million of PPP loans) at September 30, 2020, compared to \$13.8 million, or 1.27% of total loans, at June 30, 2020 and \$12.3 million, or 1.28% of total loans, at December 31, 2019. Excluding PPP loans, the allowance for loan losses was 1.39% of total loans at September 30, 2020 and 1.38% of total loans at June 30, 2020. Net recoveries totaled \$1,000 for the quarter ended September 30, 2020, \$6,000 for the quarter ended June 30, 2020 and \$74,000 for the quarter ended December 31, 2019.

Through October 20, 2020, 419 loans aggregating \$381.7 million had requested forbearance primarily consisting of the deferral of principal, interest, and escrow payments for a period of three months. Of those 419 loans, 323 loans aggregating \$290.7 million are no longer in deferment and are now performing. Of the 419 loans, 96 in the amount of \$91.0 million remained in deferment. Of the 96 loans in deferment, 92 loans in the amount of \$87.1 million are in renewed forbearance and four loans in the amount of \$3.9 million are in their original forbearance. All of these loans had been performing in accordance with their contractual obligations prior to the granting of the initial forbearance. Forbearance periods currently do not extend into 2021. The Company actively monitors the business activities of borrowers in forbearance and seeks to determine their capacity to resume payments as contractually obligated upon the termination of the forbearance period. The initial and extended forbearances are short-term modifications made on a good faith basis in response to the COVID-19 pandemic and in furtherance of governmental policies.

Balance Sheet

Total assets increased \$223.6 million, or 21.2%, to \$1.3 billion at September 30, 2020 from \$1.1 billion at December 31, 2019. The increase in total assets is mainly attributable to increases in net loans receivable and mortgage loans held for sale at fair value of \$165.3 million, of which \$86.2 million related to PPP loans, cash and cash equivalents of \$48.4 million, other assets of \$8.2 million, accrued interest receivable of \$6.0 million, investments in other banks of \$2.7 million and FHLBNY stock of \$679,000, offset by decreases in available-for-sale securities of \$7.0 million, \$633,000 in net premises and equipment and deferred taxes of \$138,000.

Cash and cash equivalents increased \$48.4 million, or 174.9%, to \$76.1 million at September 30, 2020, compared to \$27.7 million at December 31, 2019. The increase in cash and cash equivalents was primarily the result of increases of \$191.2 million in net deposits, of which \$41.9 million is related to net PPP funding, \$17.3 million from maturities and calls of available-for-sale securities, \$12.9 million in net advances from FHLBNY and \$4.7 million proceeds from the sale of real property. The increase in cash and cash equivalents was offset by increases of \$165.3 million in net loans receivable and mortgage loans held for sale at fair value, of which \$86.2 million related to PPP loans, \$10.1 million in purchases of available-for-sale securities and the \$1.8 million purchase price related to the acquisition of Mortgage World.

Net loans receivable at September 30, 2020 increased \$153.2 million, or 16.0%, to \$1.1 billion from \$ 955.7 million at December 31, 2019. The increase was primarily due to increases of \$85.8 million, or 789.0%, in business loans, of which \$86.2 million related to PPP loans, \$34.5 million, or 13.8%, in multifamily residential loans, \$16.6 million, or 4.2%, in 1-4 family residential loans, \$10.5 million, or 5.1%, in nonresidential properties loans, \$8.6 million, or 696.6%, in consumer loans and \$412,000, or 0.4%, in construction and land loans. The increase in net loans receivable was offset by a decrease of \$1.2 million, or 60.1%, in net deferred loan origination costs. The increase in the allowance for losses on loans of \$2.1 million, substantially related to the COVID-19 pandemic, also decreased net loans receivable.

Total deposits increased \$191.2 million, or 24.4%, to \$973.2 million at September 30, 2020 from \$782.0 million at December 31, 2019. The increase in deposits was mainly attributable to increases of \$124.7 million, or 44.1%, in NOW, money market, reciprocal deposits and savings accounts, \$76.8 million, or 70.1%, in demand deposits, of which \$41.9 million is related to net PPP funding, offset by a decrease of \$10.3 million, or 2.7 %, in total certificates of deposit, which includes brokered certificates of deposit and listing service deposits. The \$124.7 million increase in NOW, money market, reciprocal deposits and savings accounts was mainly attributable to increases of \$62.2 million, or 71.7%, in money market accounts, \$60.7 million, or 127.4%, in reciprocal deposits and a \$5.1 million, or 4.4%, in savings accounts, offset by a decrease of \$3.2 million, or 9.9%, in NOW/IOLA accounts.

Net advances from the FHLBNY increased \$12.9 million, or 12.3%, to \$117.3 million at September 30, 2020 from \$104.4 million at December 31, 2019. The net increase in FHLBNY advances has a weighted average rate of 0.9%.

Total stockholders' equity remained substantially the same, \$158.4 million at September 30, 2020 and December 31, 2019. The \$28,000 decrease in stockholders' equity was mainly attributable to \$3.8 million in stock repurchases, offset by increases of \$2.2 million in net income, \$1.0 million related to restricted stock units and stock options, \$353,000 related to the Company's Employee Stock Ownership Plan and \$148,000 related to unrealized gains on available-for-sale securities.

The Company adopted a share repurchase program effective March 25, 2019 which expired on September 24, 2019. Under the repurchase program, the Company was permitted to repurchase up to 923,151 shares of the Company's stock, or approximately 5% of the Company's then current issued and outstanding shares. On November 13, 2019, the Company adopted a second share repurchase program. Under this second program, the Company was permitted to repurchase up to 878,835 shares of the Company's stock, or approximately 5% of the Company's then current issued and outstanding shares. The Company's share second repurchase program was terminated on March 27, 2020. On June 1, 2020, the Company adopted a third share repurchase program. Under this third program, the Company is permitted to repurchase up to 864,987 shares of the Company's stock, or approximately 5% of the Company's then current issued and outstanding shares. The repurchase program may be suspended or terminated at any time without prior notice, and it will expire no later than November 30, 2020.

As of September 30, 2020, the Company had repurchased a total of 1,436,814 shares under the repurchase programs at a weighted average price of \$13.62 per share, of which 1,346,679 are reported as treasury stock. Of the 1,436,814 shares repurchased, 90,135 shares have been granted to directors and executive officers under the Company's 2018 Long-Term Incentive Plan pursuant to restricted stock units which vested on December 4, 2019.

About PDL Community Bancorp

PDL Community Bancorp is the financial holding company for Ponce Bank and Mortgage World Bankers, Inc. Ponce Bank is a Minority Depository Institution, a Community Development Financial Institution, and a certified Small Business Administration lender. The Bank's business primarily consists of taking deposits from the general public and to a lesser extent alternative funding sources 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 consist of U.S. Government and federal agency securities and securities issued by government-sponsored or government-owned enterprises, as well as, mortgage-backed securities, corporate bonds and obligations, and Federal Home Loan Bank stock. Mortgage World Bankers, Inc. is a licensed mortgage lender in five states. As a Federal Housing Administration ("FHA")-approved Title II lender, Mortgage World Bankers, Inc. originates and sells to investors single family mortgage loans guaranteed by the FHA, as well as conventional mortgages.

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; the anticipated impact of the COVID-19 novel coronavirus pandemic and the Company's attempts at mitigation; 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. 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 Statements of Financial Condition
(Dollars in thousands, except for share data)

| | As of | | | | |
|-----------------------------------------------------------------|-----------------------|---------------------|---------------------|----------------------|-----------------------|
| | September 30, 2020 | June 30, 2020 | March 31, 2020 | December 31, 2019 | September 30, 2019 |
| ASSETS | | | | | |
| Cash and due from banks: | | | | | |
| Cash | \$ 14,302 | \$ 15,875 | \$ 13,165 | \$ 6,762 | \$ 6,425 |
| Interest-bearing deposits in banks | 61,790 | 60,756 | 90,795 | 20,915 | 40,965 |
| Total cash and cash equivalents | 76,092 | 76,631 | 103,960 | 27,677 | 47,390 |
| Available-for-sale securities, at fair value | 14,512 | 13,800 | 19,140 | 21,504 | 51,966 |
| Investments in other banks | 2,739 | — | — | — | — |
| Mortgage loans held for sale, at fair value | 13,100 | 1,030 | 1,030 | 1,030 | — |
| Loans receivable, net | 1,108,956 | 1,072,417 | 972,979 | 955,737 | 948,548 |
| Accrued interest receivable | 9,995 | 7,677 | 4,198 | 3,982 | 3,893 |
| Premises and equipment, net | 32,113 | 32,102 | 32,480 | 32,746 | 32,805 |
| Federal Home Loan Bank of New York stock (FHLBNY), at cost | 6,414 | 6,422 | 7,889 | 5,735 | 8,659 |
| Deferred tax assets | 3,586 | 4,328 | 4,140 | 3,724 | 3,925 |
| Other assets | 9,844 | 5,824 | 5,127 | 1,621 | 2,802 |
| Total assets | \$ 1,277,351 | \$ 1,220,231 | \$ 1,150,943 | \$ 1,053,756 | \$ 1,099,988 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | | | |
| Liabilities: | | | | | |
| Deposits | \$ 973,244 | \$ 936,219 | \$ 829,741 | \$ 782,043 | \$ 757,845 |
| Accrued interest payable | 58 | 48 | 86 | 97 | 81 |
| Advance payments by borrowers for taxes and insurance | 7,739 | 6,007 | 8,295 | 6,348 | 7,780 |
| Advances from the Federal Home Loan Bank of New York and others | 117,283 | 117,284 | 152,284 | 104,404 | 169,404 |
| Warehouse lines of credit | 9,065 | — | — | — | — |
| Mortgage loan fundings payable | 1,457 | — | — | — | — |
| Other liabilities | 10,131 | 5,674 | 4,794 | 2,462 | 4,324 |
| Total liabilities | 1,118,977 | 1,065,232 | 995,200 | 895,354 | 939,434 |
| Commitments and contingencies | | | | | |
| Stockholders' Equity: | | | | | |
| Preferred stock, \$0.01 par value; 10,000,000 shares authorized | — | — | — | — | — |
| Common stock, \$0.01 par value; 50,000,000 shares authorized | 185 | 185 | 185 | 185 | 185 |
| Treasury stock, at cost | (18,281) | (17,172) | (16,490) | (14,478) | (12,663) |
| Additional paid-in-capital | 85,817 | 85,481 | 85,132 | 84,777 | 85,750 |
| Retained earnings | 95,913 | 91,904 | 92,475 | 93,688 | 101,140 |
| Accumulated other comprehensive income (loss) | 168 | 150 | 110 | 20 | (7,947) |
| Unearned compensation — ESOP | (5,428) | (5,549) | (5,669) | (5,790) | (5,911) |
| Total stockholders' equity | 158,374 | 154,999 | 155,743 | 158,402 | 160,554 |
| Total liabilities and stockholders' equity | \$ 1,277,351 | \$ 1,220,231 | \$ 1,150,943 | \$ 1,053,756 | \$ 1,099,988 |

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

| | For the Quarters Ended | | | | |
|---------------------------------------------------------------------------|------------------------|------------------|-------------------|----------------------|-----------------------|
| | September 30, 2020 | June 30, 2020 | March 31, 2020 | December 31, 2019 | September 30, 2019 |
| Interest and dividend income: | | | | | |
| Interest on loans receivable | \$ 13,375 | \$ 12,162 | \$ 12,782 | \$ 12,488 | \$ 12,663 |
| Interest on deposits due from banks | 5 | 3 | 66 | 73 | 117 |
| Interest and dividend on available-for-sale securities and FHLB/BNY stock | 223 | 228 | 182 | 181 | 173 |
| Total interest and dividend income | 13,603 | 12,393 | 13,030 | 12,742 | 12,953 |
| Interest expense: | | | | | |
| Interest on certificates of deposit | 1,597 | 1,730 | 1,827 | 1,921 | 1,896 |
| Interest on other deposits | 500 | 534 | 692 | 616 | 759 |
| Interest on borrowings | 655 | 608 | 587 | 643 | 533 |
| Total interest expense | 2,752 | 2,872 | 3,106 | 3,180 | 3,188 |
| Net interest income | 10,851 | 9,521 | 9,924 | 9,562 | 9,765 |
| Provision for loan losses | 620 | 271 | 1,146 | 95 | 14 |
| Net interest income after provision for loan losses | 10,231 | 9,250 | 8,778 | 9,467 | 9,751 |
| Non-interest income: | | | | | |
| Service charges and fees | 236 | 145 | 248 | 266 | 247 |
| Brokerage commissions | 447 | 22 | 50 | 43 | 36 |
| Late and prepayment charges | 145 | 13 | 119 | 204 | 150 |
| Gain on sale of mortgage loans | 1,372 | — | — | — | — |
| Loan origination | 269 | — | — | — | — |
| Gain on sale of real property | 4,412 | — | — | — | — |
| Other | 371 | 394 | 205 | 152 | 146 |
| Total non-interest income | 7,252 | 574 | 622 | 665 | 579 |
| Non-interest expense: | | | | | |
| Compensation and benefits | 5,554 | 4,645 | 5,008 | 4,726 | 4,667 |
| Loss on termination of pension plan | — | — | — | 9,930 | — |
| Occupancy and equipment | 2,584 | 2,277 | 2,017 | 2,026 | 1,943 |
| Data processing expenses | 596 | 496 | 467 | 394 | 398 |
| Direct loan expenses | 437 | 199 | 212 | 171 | 183 |
| Insurance and surety bond premiums | 138 | 128 | 121 | 102 | 146 |
| Office supplies, telephone and postage | 386 | 312 | 316 | 316 | 281 |
| Professional fees | 1,553 | 1,336 | 1,627 | 1,038 | 956 |
| Marketing and promotional expenses | 127 | 145 | 234 | 39 | 46 |
| Directors fees | 69 | 69 | 69 | 69 | 69 |
| Regulatory dues | 49 | 56 | 46 | 58 | 70 |
| Other operating expenses | 834 | 772 | 705 | 606 | 575 |
| Total non-interest expense | 12,327 | 10,435 | 10,822 | 19,475 | 9,334 |
| Income (loss) before income taxes | 5,156 | (611) | (1,422) | (9,343) | 996 |
| Provision (benefit) for income taxes | 1,147 | (40) | (209) | (1,891) | 287 |
| Net income (loss) | \$ 4,009 | \$ (571) | \$ (1,213) | \$ (7,452) | \$ 709 |
| Earnings (loss) per share: | | | | | |
| Basic | \$ 0.24 | \$ (0.03) | \$ (0.07) | \$ (0.43) | \$ 0.04 |
| Diluted | \$ 0.24 | \$ (0.03) | \$ (0.07) | \$ (0.43) | \$ 0.04 |

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

| | For the Nine Months Ended September 30, | | | |
|--------------------------------------------------------------------------|-----------------------------------------|-----------------|-----------------|----------------|
| | 2020 | 2019 | Variance \$ | Variance % |
| Interest and dividend income: | | | | |
| Interest on loans receivable | \$ 38,319 | \$ 36,818 | \$ 1,501 | 4.08% |
| Interest on deposits due from banks | 74 | 498 | (424) | (85.14%) |
| Interest and dividend on available-for-sale securities and FHLB NY stock | 633 | 433 | 200 | 46.19% |
| Total interest and dividend income | 39,026 | 37,749 | 1,277 | 3.38% |
| Interest expense: | | | | |
| Interest on certificates of deposit | 5,154 | 5,756 | (602) | (10.46%) |
| Interest on other deposits | 1,726 | 2,211 | (485) | (21.94%) |
| Interest on borrowings | 1,850 | 1,211 | 639 | 52.77% |
| Total interest expense | 8,730 | 9,178 | (448) | (4.88%) |
| Net interest income | 30,296 | 28,571 | 1,725 | 6.04% |
| Provision for loan losses | 2,037 | 163 | 1,874 | * |
| Net interest income after provision for loan losses | 28,259 | 28,408 | (149) | (0.52%) |
| Non-interest income: | | | | |
| Service charges and fees | 629 | 705 | (76) | (10.78%) |
| Brokerage commissions | 519 | 169 | 350 | 207.10% |
| Late and prepayment charges | 277 | 551 | (274) | (49.73%) |
| Gain on sale of mortgage loans | 1,372 | — | 1,372 | —% |
| Loan origination | 269 | — | 269 | —% |
| Gain on sale of real property | 4,412 | — | 4,412 | —% |
| Other | 970 | 593 | 377 | 63.58% |
| Total non-interest income | 8,448 | 2,018 | 6,430 | 318.63% |
| Non-interest expense: | | | | |
| Compensation and benefits | 15,207 | 14,157 | 1,050 | 7.42% |
| Occupancy and equipment | 6,878 | 5,586 | 1,292 | 23.13% |
| Data processing expenses | 1,559 | 1,182 | 377 | 31.90% |
| Direct loan expenses | 848 | 521 | 327 | 62.76% |
| Insurance and surety bond premiums | 387 | 312 | 75 | 24.04% |
| Office supplies, telephone and postage | 1,014 | 869 | 145 | 16.69% |
| Professional fees | 4,516 | 2,199 | 2,317 | 105.37% |
| Marketing and promotional expenses | 506 | 119 | 387 | 325.21% |
| Directors fees | 207 | 225 | (18) | (8.00%) |
| Regulatory dues | 151 | 173 | (22) | (12.72%) |
| Other operating expenses | 2,311 | 1,789 | 522 | 29.18% |
| Total non-interest expense | 33,584 | 27,132 | 6,452 | 23.78% |
| Income before income taxes | 3,123 | 3,294 | (171) | (5.19%) |
| Provision for income taxes | 898 | 967 | (69) | (7.14%) |
| Net income | \$ 2,225 | \$ 2,327 | \$ (102) | (4.38%) |
| Earnings per share: | | | | |
| Basic | \$ 0.13 | \$ 0.13 | \$ — | —% |
| Diluted | \$ 0.13 | \$ 0.13 | \$ — | —% |

*Indicates more than 500%.

PDL Community Bancorp and Subsidiaries
Key Metrics

| | At or for the Quarters Ended | | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------|-------------------|----------------------|-----------------------|
| | September 30, 2020 | June 30, 2020 | March 31, 2020 | December 31, 2019 | September 30, 2019 |
| Performance Ratios: | | | | | |
| Return on average assets | 1.28% | (0.20%) | (0.46%) | (2.79%) | 0.27% |
| Return on average equity | 9.95% | (1.47%) | (3.07%) | (18.24%) | 1.71% |
| Net interest rate spread (1) | 3.33% | 3.13% | 3.51% | 3.34% | 3.44% |
| Net interest margin (2) | 3.65% | 3.45% | 3.87% | 3.71% | 3.83% |
| Non-interest expense to average assets | 3.95% | 3.57% | 4.07% | 7.30% | 3.54% |
| Efficiency ratio (3) | 68.09% | 103.37% | 102.62% | 190.43% | 90.24% |
| Average interest-earning assets to average interest-bearing liabilities | 134.35% | 130.72% | 129.16% | 130.64% | 131.38% |
| Average equity to average assets | 12.90% | 13.30% | 14.85% | 15.32% | 15.71% |
| Capital Ratios: | | | | | |
| Total capital to risk weighted assets (bank only) | 16.93% | 17.52% | 17.84% | 18.62% | 19.29% |
| Tier 1 capital to risk weighted assets (bank only) | 15.68% | 16.26% | 16.59% | 17.36% | 18.03% |
| Common equity Tier 1 capital to risk-weighted assets (bank only) | 15.68% | 16.26% | 16.59% | 17.36% | 18.03% |
| Tier 1 capital to average assets (bank only) | 11.46% | 11.63% | 12.76% | 12.92% | 13.62% |
| Asset Quality Ratios: | | | | | |
| Allowance for loan losses as a percentage of total loans | 1.28% | 1.27% | 1.37% | 1.28% | 1.27% |
| Allowance for loan losses as a percentage of nonperforming loans | 131.00% | 118.89% | 138.47% | 106.30% | 117.72% |
| Net (charge-offs) recoveries to average outstanding loans | 0.00% | 0.01% | 0.00% | 0.03% | (0.15%) |
| Non-performing loans as a percentage of total loans | 0.98% | 1.08% | 1.00% | 1.20% | 1.09% |
| Non-performing loans as a percentage of total assets | 0.86% | 0.95% | 0.85% | 1.10% | 0.94% |
| Total non-performing assets as a percentage of total assets | 0.86% | 0.95% | 0.85% | 1.10% | 0.94% |
| Total non-performing assets, accruing loans past due 90 days or more, and accruing troubled debt restructured loans as a percentage of total assets | 1.36% | 1.51% | 1.49% | 1.92% | 1.73% |
| Other: | | | | | |
| Number of offices (4) | 20 | 14 | 14 | 14 | 14 |
| Number of full-time equivalent employees (5) | 230 | 179 | 184 | 183 | 187 |

(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.

(4) Number of offices at September 30, 2020 included 6 offices due to acquisition of Mortgage World.

(5) Number of full-time equivalent employees at September 30, 2020 included 44 employees due to acquisition of Mortgage World.

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

PDL Community Bancorp and Subsidiaries
Loan Portfolio

| | As of | | | | | | | | | |
|-------------------------------------|-----------------------|---------|---------------------|---------|-------------------|---------|----------------------|---------|-----------------------|---------|
| | September 30, 2020 | | June 30, 2020 | | March 31, 2020 | | December 31, 2019 | | September 30, 2019 | |
| | Amount | Percent | Amount | Percent | Amount | Percent | Amount | Percent | Amount | Percent |
| (Dollars in thousands) | | | | | | | | | | |
| Mortgage loans: | | | | | | | | | | |
| 1-4 family residential | | | | | | | | | | |
| Investor Owned | \$ 320,438 | 28.55% | \$ 317,055 | 29.25% | \$ 308,206 | 31.31% | \$ 305,272 | 31.60% | \$ 309,065 | 32.23% |
| Owner-Occupied | 93,340 | 8.31% | 91,345 | 8.43% | 93,887 | 9.54% | 91,943 | 9.52% | 90,843 | 9.47% |
| Multifamily residential | 284,775 | 25.37% | 274,641 | 25.34% | 259,326 | 26.35% | 250,239 | 25.90% | 244,644 | 25.51% |
| Nonresidential properties | 217,771 | 19.40% | 209,068 | 19.29% | 210,225 | 21.36% | 207,225 | 21.45% | 195,952 | 20.43% |
| Construction and land | 99,721 | 8.89% | 96,841 | 8.93% | 100,202 | 10.18% | 99,309 | 10.28% | 106,124 | 11.07% |
| Total mortgage loans | 1,016,045 | 90.52% | 988,950 | 91.24% | 971,846 | 98.74% | 953,988 | 98.75% | 946,628 | 98.72% |
| Non-mortgage loans: | | | | | | | | | | |
| Business loans (1) | | | | | | | | | | |
| Business loans (1) | 96,700 | 8.61% | 93,394 | 8.62% | 11,183 | 1.13% | 10,877 | 1.12% | 11,040 | 1.15% |
| Consumer loans | | | | | | | | | | |
| Consumer loans | 9,806 | 0.87% | 1,578 | 0.14% | 1,288 | 0.13% | 1,231 | 0.13% | 1,252 | 0.13% |
| Total non-mortgage loans | 106,506 | 9.48% | 94,972 | 8.76% | 12,471 | 1.26% | 12,108 | 1.25% | 12,292 | 1.28% |
| Total loans, gross | 1,122,551 | 100.00% | 1,083,922 | 100.00% | 984,317 | 100.00% | 966,096 | 100.00% | 958,920 | 100.00% |
| Net deferred loan origination costs | | | | | | | | | | |
| Net deferred loan origination costs | 786 | | 2,256 | | 2,146 | | 1,970 | | 1,788 | |
| Allowance for losses on loans | (14,381) | | (13,761) | | (13,484) | | (12,329) | | (12,160) | |
| Loans, net | <u>\$ 1,108,956</u> | | <u>\$ 1,072,417</u> | | <u>\$ 972,979</u> | | <u>\$ 955,737</u> | | <u>\$ 948,548</u> | |

(1) As of September 30, 2020, business loans include \$86.2 million of PPP loans.

PDL Community Bancorp and Subsidiaries
Deposits

| | As of | | | | | | | | | |
|---------------------------------------------------------------------------------|------------------------|----------------|-------------------|----------------|-------------------|----------------|----------------------|----------------|-----------------------|----------------|
| | September 30, 2020 | | June 30, 2020 | | March 31, 2020 | | December 31, 2019 | | September 30, 2019 | |
| | Amount | Percent | Amount | Percent | Amount | Percent | Amount | Percent | Amount | Percent |
| | (Dollars in thousands) | | | | | | | | | |
| Demand | \$ 186,328 | 19.15% | \$ 192,429 | 20.55% | \$ 110,801 | 13.35% | \$ 109,548 | 14.01% | \$ 104,181 | 13.75% |
| Interest-bearing deposits: | | | | | | | | | | |
| NOW/IOLA accounts | 29,618 | 3.04% | 26,477 | 2.83% | 31,586 | 3.81% | 32,866 | 4.20% | 28,600 | 3.77% |
| Money market accounts | 148,877 | 15.30% | 125,631 | 13.42% | 121,629 | 14.66% | 86,721 | 11.09% | 98,707 | 13.02% |
| Reciprocal deposits | 108,367 | 11.13% | 96,915 | 10.35% | 62,384 | 7.52% | 47,659 | 6.09% | 42,292 | 5.58% |
| Savings accounts | 120,883 | 12.42% | 119,277 | 12.74% | 112,318 | 13.53% | 115,751 | 14.80% | 115,402 | 15.23% |
| Total NOW, money market, reciprocal and savings accounts | 407,745 | 41.89% | 368,300 | 39.34% | 327,917 | 39.52% | 282,997 | 36.18% | 285,001 | 37.60% |
| Certificates of deposit of \$250K or more | 80,403 | 8.26% | 81,786 | 8.74% | 81,486 | 9.82% | 84,263 | 10.77% | 86,498 | 11.41% |
| Brokered certificates of deposit | 55,878 | 5.74% | 55,878 | 5.97% | 51,661 | 6.23% | 76,797 | 9.82% | 58,570 | 7.73% |
| Listing service deposits | 49,342 | 5.07% | 54,370 | 5.81% | 55,842 | 6.73% | 32,400 | 4.14% | 22,458 | 2.96% |
| Certificates of deposit less than \$250K | 193,548 | 19.89% | 183,456 | 19.59% | 202,034 | 24.35% | 196,038 | 25.08% | 201,137 | 26.55% |
| Total certificates of deposit | 379,171 | 38.96% | 375,490 | 40.11% | 391,023 | 47.13% | 389,498 | 49.81% | 368,663 | 48.65% |
| Total interest-bearing deposits | 786,916 | 80.85% | 743,790 | 79.45% | 718,940 | 86.65% | 672,495 | 85.99% | 653,664 | 86.25% |
| Total deposits | \$ 973,244 | 100.00% | \$ 936,219 | 100.00% | \$ 829,741 | 100.00% | \$ 782,043 | 100.00% | \$ 757,845 | 100.00% |

(1) As of September 30, 2020, included in demand deposits are \$41.9 million related to net PPP funding.

PDL Community Bancorp and Subsidiaries
Nonperforming Assets

| | For the Quarters Ended | | | | |
|-------------------------------------------------------------------------------------------|------------------------|------------------|-------------------|----------------------|-----------------------|
| | September 30, 2020 | June 30, 2020 | March 31, 2020 | December 31, 2019 | September 30, 2019 |
| (Dollars in thousands) | | | | | |
| Non-accrual loans: | | | | | |
| Mortgage loans: | | | | | |
| 1-4 family residential | | | | | |
| Investor owned | \$ 2,750 | \$ 2,767 | \$ 2,327 | \$ 2,312 | \$ 1,281 |
| Owner occupied | 1,075 | 1,327 | 1,069 | 1,009 | 1,052 |
| Multifamily residential | 210 | | — | — | — |
| Nonresidential properties | 3,830 | 4,355 | 3,228 | 3,555 | 3,099 |
| Construction and land | — | — | — | 1,118 | 1,292 |
| Non-mortgage loans: | | | | | |
| Business | — | — | — | — | — |
| Consumer | — | — | — | — | — |
| Total non-accrual loans (not including non-accruing troubled debt restructured loans) | <u>\$ 7,865</u> | <u>\$ 8,449</u> | <u>\$ 6,624</u> | <u>\$ 7,994</u> | <u>\$ 6,724</u> |
| Non-accruing troubled debt restructured loans: | | | | | |
| Mortgage loans: | | | | | |
| 1-4 family residential | | | | | |
| Investor owned | \$ 267 | \$ 272 | \$ 276 | \$ 467 | \$ 471 |
| Owner occupied | 2,191 | 2,198 | 2,185 | 2,491 | 2,488 |
| Multifamily residential | — | — | — | — | — |
| Nonresidential properties | 655 | 656 | 653 | 646 | 647 |
| Construction and land | — | — | — | — | — |
| Non-mortgage loans: | | | | | |
| Business | — | — | — | — | — |
| Consumer | — | — | — | — | — |
| Total non-accruing troubled debt restructured loans | <u>3,113</u> | <u>3,126</u> | <u>3,114</u> | <u>3,604</u> | <u>3,606</u> |
| Total non-accrual loans | <u>\$ 10,978</u> | <u>\$ 11,575</u> | <u>\$ 9,738</u> | <u>\$ 11,598</u> | <u>\$ 10,330</u> |
| Total non-performing assets | <u>\$ 10,978</u> | <u>\$ 11,575</u> | <u>\$ 9,738</u> | <u>\$ 11,598</u> | <u>\$ 10,330</u> |
| Accruing troubled debt restructured loans: | | | | | |
| Mortgage loans: | | | | | |
| 1-4 family residential | | | | | |
| Investor owned | \$ 3,396 | \$ 3,730 | \$ 3,730 | \$ 5,191 | \$ 5,226 |
| Owner occupied | 2,177 | 2,348 | 2,359 | 2,090 | 2,114 |
| Multifamily residential | — | — | — | — | — |
| Nonresidential properties | 759 | 762 | 1,300 | 1,306 | 1,317 |
| Construction and land | — | — | — | — | — |
| Non-mortgage loans: | | | | | |
| Business | — | — | — | 14 | 35 |
| Consumer | — | — | — | — | — |
| Total accruing troubled debt restructured loans | <u>\$ 6,332</u> | <u>\$ 6,840</u> | <u>\$ 7,389</u> | <u>\$ 8,601</u> | <u>\$ 8,692</u> |
| Total non-performing assets and accruing troubled debt restructured loans | <u>\$ 17,310</u> | <u>\$ 18,415</u> | <u>\$ 17,127</u> | <u>\$ 20,199</u> | <u>\$ 19,022</u> |
| Total non-performing loans to total loans | 0.98% | 1.08% | 1.00% | 1.20% | 1.09% |
| Total non-performing assets to total assets | 0.86% | 0.95% | 0.85% | 1.10% | 0.94% |
| Total non-performing assets and accruing troubled debt restructured loans to total assets | 1.36% | 1.51% | 1.49% | 1.92% | 1.73% |

PDL Community Bancorp and Subsidiaries
Average Balance Sheets

For the Three Months Ended September 30,

| | 2020 | | | 2019 | | |
|-----------------------------------------------------------------|-----------------------------|------------------|------------------------|-----------------------------|-----------------|------------------------|
| | Average Outstanding Balance | Interest | Average Yield/Rate (1) | Average Outstanding Balance | Interest | Average Yield/Rate (1) |
| (Dollars in thousands) | | | | | | |
| Interest-earning assets: | | | | | | |
| Loans (2) | \$ 1,109,799 | \$ 13,375 | 4.79% | \$ 957,987 | \$ 12,663 | 5.24% |
| Available-for-sale securities | 13,741 | 132 | 3.81% | 22,415 | 81 | 1.43% |
| Other (3) | 60,068 | 96 | 0.64% | 30,460 | 209 | 2.72% |
| Total interest-earning assets | 1,183,608 | 13,603 | 4.57% | 1,010,862 | 12,953 | 5.08% |
| Non-interest-earning assets | 58,493 | | | 35,840 | | |
| Total assets | <u>\$ 1,242,101</u> | | | <u>\$ 1,046,702</u> | | |
| Interest-bearing liabilities: | | | | | | |
| NOW/IOLA | \$ 29,687 | \$ 40 | 0.54% | \$ 28,183 | \$ 35 | 0.49% |
| Money market | 224,339 | 422 | 0.75% | 144,666 | 685 | 1.88% |
| Savings | 121,355 | 37 | 0.12% | 118,308 | 38 | 0.13% |
| Certificates of deposit | 371,094 | 1,597 | 1.71% | 379,915 | 1,896 | 1.98% |
| Total deposits | 746,475 | 2,096 | 1.12% | 671,072 | 2,654 | 1.57% |
| Advance payments by borrowers | 7,756 | 1 | 0.05% | 7,991 | 1 | 0.05% |
| Borrowings | 126,729 | 655 | 2.06% | 90,361 | 533 | 2.34% |
| Total interest-bearing liabilities | 880,960 | 2,752 | 1.24% | 769,424 | 3,188 | 1.64% |
| Non-interest-bearing liabilities: | | | | | | |
| Non-interest-bearing demand | 191,269 | — | | 109,491 | — | |
| Other non-interest-bearing liabilities | 9,607 | — | | 3,402 | — | |
| Total non-interest-bearing liabilities | 200,876 | — | | 112,893 | — | |
| Total liabilities | 1,081,836 | 2,752 | | 882,317 | 3,188 | |
| Total equity | 160,265 | | | 164,385 | | |
| Total liabilities and total equity | <u>\$ 1,242,101</u> | | 1.24% | <u>\$ 1,046,702</u> | | 1.64% |
| Net interest income | | <u>\$ 10,851</u> | | | <u>\$ 9,765</u> | |
| Net interest rate spread (4) | | | 3.33% | | | 3.44% |
| Net interest-earning assets (5) | <u>\$ 302,648</u> | | | <u>\$ 241,438</u> | | |
| Net interest margin (6) | | | 3.65% | | | 3.83% |
| Average interest-earning assets to interest-bearing liabilities | | | 134.35% | | | 131.38% |

- (1) Annualized where appropriate.
- (2) Loans include loans and loans held for sale.
- (3) Includes FHLBNY demand account and FHLBNY stock dividends.
- (4) 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.
- (5) Net interest-earning assets represent total interest-earning assets less total interest-bearing liabilities.
- (6) 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,

| | 2020 | | | 2019 | | |
|-----------------------------------------------------------------|-----------------------------|------------------|------------------------|-----------------------------|------------------|--------------------|
| | Average Outstanding Balance | Interest | Average Yield/Rate (1) | Average Outstanding Balance | Interest | Average Yield/Rate |
| (Dollars in thousands) | | | | | | |
| Interest-earning assets: | | | | | | |
| Loans (2) | \$ 1,036,706 | \$ 38,319 | 4.94% | \$ 940,971 | \$ 36,818 | 5.23% |
| Available-for-sale securities | 16,227 | 361 | 2.97% | 22,772 | 244 | 1.43% |
| Other (3) | 55,746 | 346 | 0.83% | 37,551 | 687 | 2.45% |
| Total interest-earning assets | 1,108,679 | 39,026 | 4.70% | 1,001,294 | 37,749 | 5.04% |
| Non-interest-earning assets | 53,945 | | | 35,142 | | |
| Total assets | <u>\$ 1,162,624</u> | | | <u>\$ 1,036,436</u> | | |
| Interest-bearing liabilities: | | | | | | |
| NOW/IOLA | \$ 29,469 | \$ 117 | 0.53% | \$ 27,298 | \$ 86 | 0.42% |
| Money market | 193,951 | 1,497 | 1.03% | 124,263 | 2,004 | 2.16% |
| Savings | 117,424 | 109 | 0.12% | 120,748 | 118 | 0.13% |
| Certificates of deposit | 375,303 | 5,154 | 1.83% | 408,241 | 5,756 | 1.89% |
| Total deposits | 716,147 | 6,877 | 1.28% | 680,550 | 7,964 | 1.56% |
| Advance payments by borrowers | 8,226 | 3 | 0.05% | 8,423 | 3 | 0.05% |
| Borrowings | 118,701 | 1,850 | 2.08% | 64,947 | 1,211 | 2.49% |
| Total interest-bearing liabilities | 843,074 | 8,730 | 1.38% | 753,920 | 9,178 | 1.63% |
| Non-interest-bearing liabilities: | | | | | | |
| Non-interest-bearing demand | 155,158 | — | | 110,730 | — | |
| Other non-interest-bearing liabilities | 5,927 | — | | 4,087 | — | |
| Total non-interest-bearing liabilities | 161,085 | — | | 114,817 | — | |
| Total liabilities | 1,004,159 | 8,730 | | 868,737 | 9,178 | |
| Total equity | 158,465 | | | 167,699 | | |
| Total liabilities and total equity | <u>\$ 1,162,624</u> | | 1.38% | <u>\$ 1,036,436</u> | | 1.63% |
| Net interest income | | <u>\$ 30,296</u> | | | <u>\$ 28,571</u> | |
| Net interest rate spread (4) | | | 3.32% | | | 3.41% |
| Net interest-earning assets (5) | <u>\$ 265,605</u> | | | <u>\$ 247,374</u> | | |
| Net interest margin (6) | | | 3.65% | | | 3.81% |
| Average interest-earning assets to interest-bearing liabilities | | | 131.50% | | | 132.81% |

- (1) Annualized where appropriate.
- (2) Loans include loans and loans held for sale.
- (3) Includes FHLBNY demand account and FHLBNY stock dividends.
- (4) 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.
- (5) Net interest-earning assets represent total interest-earning assets less total interest-bearing liabilities.
- (6) Net interest margin represents net interest income divided by average total interest-earning assets.