CARVER

2026

Annual Report

Business Highlights

The Company reduced its net loss by 50% to $6.8 million, or basic and diluted loss per share of $1.29 for the fiscal year ended March 31, 2026, compared to a net loss of $13.7 million, or basic and diluted loss per share of $2.65 for the fiscal year ended March 31, 2025. The change in our results was attributable to increases in net interest income and non-interest income as well as decreases in the provision for credit losses and non-interest expenses, compared to the prior fiscal year.

Consistent with the Company's updated strategic priorities, management continued during fiscal 2026 to focus on initiatives designed to strengthen financial performance, enhance capital planning, improve operational execution, and support long-term, sustainable profitability. These efforts include improving core earnings, maintaining adequate liquidity and capital levels, monitoring asset quality, reducing costs and complexity, and aligning resources with Carver's mission as a certified Community Development Financial Institution and Minority Depository Institution serving historically under-resourced communities. Management believes these actions are important to improving operating discipline, supporting long-term growth, and continuing to expand access to financial services for everyday New Yorkers.

- **Nonperforming loans** We have accelerated the resolution of nonperforming loans, including two significant recoveries, strengthening overall credit quality. We have a path forward to further reducing our exposure.

- **Expense management** We completed a comprehensive review and rationalization of our cost structure, identifying and implementing meaningful and sustainable annualized savings. We are focused on driving additional efficiencies across the organization.

- **Net interest margin** We maintained a stable net interest margin of 3.20% for the Bank and 3.06% on a consolidated basis, supported by a balanced approach to asset and liability management.

- **Non-interest income** We are building non-interest income, which increased by $3 million year-over-year.

Results of Operations

Net Interest Income and Net Interest Margin
Net interest income for the twelve months ended March 31, 2026, increased $1.8 million, or 9.4%, to $21.0 million, compared to $19.2 million for the twelve months ended March 31, 2025. The increase was primarily driven by a $1.7 million decrease in interest expense and a $0.1 million increase in interest income during fiscal year 2026.

Interest income increased $0.1 million, or 0.3%, to $34.4 million for the twelve months ended March 31, 2026, from $34.3 million for the twelve months ended March 31, 2025. Interest income on loans increased $1.3 million, or 4.3%, to $31.3 million due to an increase in the average yield on the portfolio despite a decrease in average loan balances compared to the prior fiscal year. Interest income on money market investments decreased $1.0 million, or 37.0% to $1.7 million for the twelve months from $2.7 million for the twelve months ended March 31, 2025, due to a decrease in average interest rates and balance on deposit in the Bank's interest-bearing account at the Federal Reserve Bank.

Interest expense decreased $1.7 million, or 11.3%, to $13.4 million for the twelve months ended March 31, 2026, from $15.1 million for the twelve months ended March 31, 2025. Interest expense on deposits decreased $1.1 million, primarily due to decreases of $13.9 million in the average balance and 42 basis points in the average rates of certificate of deposit accounts. Interest expense on advances and other borrowed money decreased $0.6 million, 28.6%, primarily due to a decrease in the average balances of outstanding advances compared to the prior fiscal year.

Net interest margin was 3.06% for the twelve months ended March 31, 2026, compared to 2.63% for the twelve months ended March 31, 2025, an increase of 43 basis points.

Non-interest Income
Non-interest income for the twelve months ended March 31, 2026, totaled $6.3 million, an increase of $3.2 million, or 103.2%, compared to $3.1 million for the twelve months ended March 31, 2025. The increase was primarily due to higher depository

and loan fees and revenue from the Bank's participation in JPMorgan Chase's Empowering Change program compared to the prior fiscal year.

Non-interest Expense

Non-interest expense for the twelve months ended March 31, 2026, totaled $34.1 million, a decrease of $0.7 million, or 2.0%, compared to $34.8 million for the twelve months ended March 31, 2025. Decreases in data processing, net occupancy costs related to building expenses and other non-interest expenses were partially offset by an increase in consulting fees related to services provided for strategic planning and higher FDIC premiums compared to the prior fiscal year.

Financial Condition

Assets

The Company's assets totaled $671.2 million at March 31, 2026, a decrease of $58.8 million, or 8.1%, from total assets of $730.0 million at March 31, 2025. The decrease was attributable to decreases of $4.0 million in cash and cash equivalents, and $2.5 million and $50.6 million in the Bank's net investment and loan portfolios, respectively.

Total cash and cash equivalents decreased $4.0 million, or 8.0%, from $50.3 million at March 31, 2025, to $46.3 million at March 31, 2026. The decrease in cash was primarily due to a $81.5 million decrease in total deposits, partially offset by net loan activity of $50.3 million and a $25.3 million net increase in borrowed funds.

Total investment securities decreased $2.5 million, or 5.4%, to $43.8 million at March 31, 2026, from $46.3 million at March 31, 2025, due to scheduled principal payments received of approximately $3.4 million, partially offset by a $1.1 million decrease in unrealized losses in the available-for-sale portfolio.

Gross portfolio loans decreased $51.2 million, or 8.3%, to $562.5 million at March 31, 2026, compared to $613.7 million at March 31, 2025. The decrease was primarily due to attrition and payoffs of $72.9 million and loans sold or participated of $8.4 million, partially offset by new loan originations of $30.7 million.

During fiscal year 2026, the Bank was awarded a $1.5 million grant from the New Jersey Economic Development Authority (NJEDA) Main Street Lenders Grant program. The grant allocates $1.0 million towards qualifying microloans to eligible NJ small business and $500 thousand for technical assistance to help microbusinesses access capital.

Liabilities and Equity

Total liabilities decreased $53.9 million, or 7.7%, to $646.5 million at March 31, 2026, from $700.4 million at March 31, 2025, due to an $81.5 million decrease in total deposits, partially offset by an increase of $25.3 million in advances from the FHLB-NY and other borrowed money. During the fiscal year, the Bank utilized advances from the FHLB-NY and FRB discount window to replace the decrease in brokered money market and certificate of deposit accounts as management adjusted the Bank's funding mix and reduced reliance on deposits classified as broker deposits for regulatory purposes.

Deposits decreased $81.5 million, or 12.3%, to $580.3 million at March 31, 2026, compared to $661.8 million at March 31, 2025, due to decreases of $56.1 million related to the maturity of brokered certificates of deposit and $30.6 million primarily attributed to reciprocal deposits placed into one-way sells executed to reduce balances classified as brokered deposits. While reciprocal deposits have historically represented a stable source of relationship-based funding, management reduced these balances due to their current regulatory-mandated classification as brokered deposits. As of March 31, 2026, and 2025, the aggregate amount of uninsured deposits (deposits in amounts greater than or equal to $250,000, which is the maximum amount for federal deposit insurance) was $69.0 million and $69.4 million, respectively. The uninsured deposits balances disclosed are based on account balances exceeding the FDIC insurance limit and do not reflect the extent to which deposits may be insured under separate ownership categories or other FDIC insurance rules. The Bank had certificates of deposit balances of $18.3 million and $19.2 million, respectively, in accounts with balances greater the $250,000. The aggregated uninsured deposit balances include only the portion of the certificates of deposit balances that exceeds the FDIC insurance limit. The Bank has no deposits that are uninsured for any reason other than being more than the maximum amount for federal deposit insurance.

Advances from the FHLB-NY and other borrowed money increased $25.3 million, or 125.2%, to $45.5 million at March 31, 2026, compared to $20.2 million at March 31, 2025. During the first quarter of the current fiscal year, the Bank repaid a $1.8 million 12-month fixed-rate advance that had been secured through the second round of the FHLB-NY 0% Development Advance (ZDA) Program. Under the ZDA Program, FHLB-NY members with subsidized funding in the form of interest rate credits, resulting in no interest expense on qualifying advances, to support the origination of eligible loans. During the year, the Bank secured two new 12-month fixed-rate ZDA advances totaling $4.1 million during the current fiscal year. In addition, the Bank had a $23.0 million outstanding advance through the FRB discount window at March 31, 2026.

Total equity decreased $4.9 million, or 16.6%, to $24.7 million at March 31, 2026, compared to $29.6 million at March 31, 2025. The decrease was primarily due to a net loss of $6.8 million, partially offset by a decrease of $1.1 million in unrealized losses on securities available-for-sale and a $0.8 million increase in capital as a result of the issuance of common shares in exchange of the cancellation of interest obligations related to the Company's Trust Preferred Securities.

Carver's capital adequacy is measured in accordance with the Basel III regulatory framework governing capital adequacy, stress testing, and market liquidity risk. Carver was issued an Individual Minimum Capital Ratio ("IMCR") letter from the OCC on June 29, 2016, which requires the Bank to maintain minimum regulatory capital levels of 9% for its Tier 1 leverage ratio and 12% for its total risk-based capital ratio. At March 31, 2026, the Bank's capital level continued to exceed the "well capitalized" regulatory requirements but did not meet its IMCR requirements. At March 31, 2026, the Bank's Tier 1 leverage ratio was 8.67%, its common equity tier 1 and tier 1 risk-based capital ratios were each 10.50%, and its total risk-based capital ratio was 11.54%. The Bank is taking appropriate actions with the goal of achieving its IMCR targets.

Asset Quality and Provision for Credit Losses

Nonperforming assets consist of nonaccrual loans, loans held-for-sale and property acquired in settlement of loans or other real estate owned (OREO), including foreclosure. Nonperforming assets totaled $18.3 million, or 2.7% of total assets at March 31, 2026, a decrease of $6.3 million from $24.6 million, or 3.4% at March 31, 2025. Nonaccrual loans totaled $18.3 million, or 2.7% of total assets at March 31, 2026, compared to $24.6 million, or 3.4% of total assets at March 31, 2025. Other nonperforming assets at March 31, 2026, include real estate owned assets consisting of one foreclosed residential property.

The allowance for credit loss was $5.8 million at March 31, 2026, compared to $6.3 million at March 31, 2025. At March 31, 2026, the allowance as a percentage of total loans was 1.0%, remaining unchanged from March 31, 2025. The ratio of the allowance to nonaccrual loans was 31.8% at March 31, 2026, an increase from 25.8% at March 31, 2025.

For the twelve months ended March 31, 2026, the Bank recorded an $89 thousand provision for credit loss, compared to a $1.2 million provision for credit loss recorded for the twelve months ended March 31, 2025. Net charge-offs of $626 thousand were recognized for the twelve months ended March 31, 2026, compared to net charge-offs of $725 thousand for the prior year period.

Carver Bancorp, Inc.

Consolidated Financial Statements

March 31, 2026 and 2025

CARVER BANCORP, INC.
FINANCIAL STATEMENTS
March 31, 2026 and 2025

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200 Park Avenue, 38th Floor
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Independent Auditor's Report

Shareholders and Board of Directors
Carver Bancorp, Inc.
New York, New York

Opinion

We have audited the consolidated financial statements of Carver Bancorp, Inc. (the Company), which comprises the consolidated statements of financial condition as of March 31, 2026, and 2025, the related consolidated statements operations, comprehensive loss, changes in equity, and cash flows for each of the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2026, and 2025, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

BDO USA, P.C.

June 29, 2026
New York, NY

Carver Bancorp, Inc.

Consolidated Statements of Financial Condition

$ in thousands except per share data	March 31, 2026	March 31, 2025
ASSETS		
Cash and cash equivalents:		
Cash and due from banks	$ 45,758	$ 49,810
Money market investments	505	505
Total cash and cash equivalents	46,263	50,315
Investment securities:		
Available-for-sale, at fair value	42,221	44,522
Held-to-maturity, at amortized cost	1,540	1,750
Total investment securities	43,761	46,272
Loans receivable:		
Real estate mortgage loans	385,360	423,023
Commercial business loans	151,787	164,964
Consumer loans	25,310	25,697
Loans, net of deferred fees and costs	562,457	613,684
Allowance for credit losses	(5,800)	(6,337)
Total loans receivable, net	556,657	607,347
Premises and equipment, net	1,648	2,010
Federal Home Loan Bank of New York (“FHLB-NY”) stock, at cost	923	853
Accrued interest receivable	3,192	2,980
Right-of-use assets	5,713	8,247
Other assets	13,045	11,967
Total assets	$ 671,202	$ 729,991
LIABILITIES AND EQUITY		
LIABILITIES		
Deposits:		
Non-interest bearing checking	$ 91,588	$ 89,538
Interest-bearing deposits		
Interest-bearing checking	42,931	44,453
Savings	114,665	111,365
Money market	130,987	161,592
Certificates of deposit	196,059	252,129
Escrow	4,095	2,760
Total interest-bearing deposits	488,737	572,299
Total deposits	580,325	661,837
Advances from the FHLB-NY and other borrowed money	45,541	20,243
Operating lease liability	6,210	8,869
Other liabilities	14,441	9,464
Total liabilities	646,517	700,413
Commitments and contingencies (Note 15)	—	—
EQUITY		
Preferred stock (par value $0.01 per share: 9,557 Series D shares, with a liquidation preference of $1,000 per share, issued and outstanding)	9,557	9,557
Preferred stock (par value $0.01 per share: 3,177 Series E shares, with a liquidation preference of $1,000 per share, issued and outstanding)	3,177	3,177
Preferred stock (par value $0.01 per share: 9,000 Series F shares, with a liquidation preference of $1,000 per share, issued and outstanding)	9,000	9,000
Common stock (par value $0.01 per share: 10,000,000 shares authorized; 8,334,354 and 7,787,367 issued; 5,830,551 and 5,283,564 shares outstanding, respectively)	84	78
Additional paid-in capital	88,854	87,920
Accumulated deficit	(72,138)	(65,293)
Treasury stock, at cost (2,503,803 shares)	(2,908)	(2,908)
Accumulated other comprehensive loss	(10,941)	(11,953)
Total equity	24,685	29,578
Total liabilities and equity	$ 671,202	$ 729,991

See accompanying notes to consolidated financial statements

Carver Bancorp, Inc.
Consolidated Statements of Operations

$ in thousands except per share data	Years Ended March 31, 2026	2025
Interest income:		
Loans	$ 31,302	$ 30,025
Mortgage-backed securities	501	536
Investment securities	828	1,067
Money market investments	1,719	2,654
Total interest income	34,350	34,282
Interest expense:		
Deposits	11,864	13,038
Advances and other borrowed money	1,486	2,093
Total interest expense	13,350	15,131
Net interest income	21,000	19,151
Provision for credit losses	89	1,191
Net interest income after provision for credit losses	20,911	17,960
Non-interest income:		
Depository fees and charges	2,646	2,383
Loan fees and service charges	1,267	238
Gain (loss) on sale of loans, net	7	(191)
Grant income	419	80
Other	1,968	576
Total non-interest income	6,307	3,086
Non-interest expense:		
Employee compensation and benefits	14,093	14,630
Net occupancy expense	4,974	5,007
Equipment, net	2,318	2,414
Data processing	2,749	3,037
Consulting fees	1,698	596
Federal deposit insurance premiums	956	701
Other	7,275	8,405
Total non-interest expense	34,063	34,790
Loss before income tax expense	(6,845)	(13,744)
Income tax expense	—	—
Net loss	$ (6,845)	$ (13,744)
Loss per common share:		
Basic	$ (1.29)	$ (2.65)
Diluted	$ (1.29)	$ (2.65)

See accompanying notes to consolidated financial statements

CARVER BANCORP, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Years Ended March 31,	
$ in thousands	**2026**	**2025**
Net loss	$ (6,845)	$ (13,744)
Other comprehensive loss, net of tax:		
Change in unrealized gain of securities available-for-sale, net of income tax expense of $0 (due to full valuation allowance)	1,012	752
Total other comprehensive income, net of tax	1,012	752
Total comprehensive loss, net of tax	$ (5,833)	$ (12,992)

See accompanying notes to consolidated financial statements

Carver Bancorp, Inc.

Consolidated Statements of Changes in Equity

$ in thousands except share amounts	**Preferred Stock**	**Common Stock**	**Additional Paid-In Capital**	**Accumulated Deficit**	**Treasury Stock**	**Other Comprehensive Loss**	**Total Equity**
Balance—March 31, 2024	**$ 21,734**	**$ 77**	**$ 87,660**	**$ (51,549)**	**$ (2,908)**	**$ (12,705)**	**$ 42,309**
Net loss	—	—	—	(13,744)	—	—	(13,744)
Other comprehensive income, net of tax	—	—	—	—	—	752	752
Issuance of common stock	—	1	194	—	—	—	195
Stock based compensation expense	—	—	66		—	—	66
Balance—March 31, 2025	**21,734**	**78**	**87,920**	**(65,293)**	**(2,908)**	**(11,953)**	**29,578**
Net loss	—	—	—	(6,845)	—	—	(6,845)
Other comprehensive income, net of tax	—	—	—	—	—	1,012	1,012
Issuance of common stock	—	5	782	—	—	—	787
Stock based compensation expense	—	1	152	—	—	—	153
Balance—March 31, 2026	**$ 21,734**	**$ 84**	**$ 88,854**	**$ (72,138)**	**$ (2,908)**	**$ (10,941)**	**$ 24,685**

See accompanying notes to consolidated financial statements

CARVER BANCORP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended March 31,	
$ in thousands	**2026**	**2025**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (6,845)	$ (13,744)
Adjustments to reconcile net loss to net cash used in operating activities:		
Provision for credit losses	89	1,191
Stock based compensation expense	153	66
Depreciation and amortization expense	734	813
(Gain) loss on sale of loans, net	(7)	191
Income from bank owned life insurance	(168)	(179)
Gain on settlement of interest payment with common stock	(256)	—
Amortization and accretion of loan premiums and discounts and deferred charges	723	214
Amortization and accretion of premiums and discounts - securities	166	203
(Increase) decrease in accrued interest receivable	(212)	682
(Increase) decrease in other assets	(1,444)	(1,094)
Increase (decrease) in other liabilities	6,006	(952)
Net cash used in operating activities	**(1,061)**	**(12,609)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from principal payments, maturities and calls of investments: Available-for-sale	3,150	4,060
Proceeds from principal payments, maturities and calls of investments: Held-to-maturity	207	253
Proceeds from bank-owned life insurance	—	753
Loans held-for-investment, net of repayments/payoffs and maturities	41,856	17,013
Loans purchased from third parties	—	(8,155)
Proceeds from sale of loans	8,421	335
(Purchase) redemption of FHLB-NY stock	(70)	1,151
Purchase of premises and equipment	(356)	(331)
Net cash provided by investing activities	**53,208**	**15,079**
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (decrease) increase in deposits	(81,512)	14,838
Proceeds from short-term borrowings	23,000	—
Proceeds from long-term borrowings	4,127	1,814
Repayment of long-term borrowings	(1,814)	(28,027)
Issuance of common stock	—	195
Net cash used in financing activities	**(56,199)**	**(11,180)**
Net decrease in cash and cash equivalents	(4,052)	(8,710)
Cash and cash equivalents at beginning of period	50,315	59,025
Cash and cash equivalents at end of period	**$ 46,263**	**$ 50,315**
Supplemental cash flow information:		
Noncash financing and investing activities		
Transfer of loans held-for-investment to loans held-for-sale	$ 8,358	$ —
Issuance of common stock	787	—
Cash paid for:		
Interest	$ 13,517	$ 15,210
Income taxes	110	222

See accompanying notes to consolidated financial statements

CARVER BANCORP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION

Nature of operations

Carver Bancorp, Inc. (the "Company" on a stand-alone basis), was incorporated in May 1996 and its principal wholly-owned subsidiaries are Carver Federal Savings Bank (the “Bank” or “Carver Federal”) and Alhambra Holding Corp., an inactive Delaware corporation. Carver Federal's wholly-owned subsidiaries are CFSB Realty Corp., Carver Community Development Corporation (“CCDC”) and CFSB Credit Corp., which is currently inactive. The Bank has a real estate investment trust, Carver Asset Corporation ("CAC"), that was formed in February 2004.

“Carver,” the “Company,” “we,” “us” or “our” refers to the Company along with its consolidated subsidiaries. The Bank was chartered in 1948 and began operations in 1949 as Carver Federal Savings and Loan Association, a federally-chartered mutual savings and loan association. The Bank converted to a federal savings bank in 1986. On October 24, 1994, the Bank converted from a mutual holding company structure to stock form and issued 2,314,375 shares of its common stock, par value $0.01 per share. On October 17, 1996, the Bank completed its reorganization into a holding company structure (the “Reorganization”) and became a wholly-owned subsidiary of the Company.

Carver Federal’s principal business consists of attracting deposit accounts through its branches and investing those funds in mortgage loans and other investments permitted by federal savings banks. The Bank has seven branches located throughout the City of New York that primarily serve the communities in which they operate.

While Carver does not pay a regular quarterly cash dividend on its common stock, in the future, Carver may rely on dividends from Carver Federal to pay cash dividends to its stockholders and to engage in share repurchase programs. In recent years, Carver has been successful in obtaining cash independently through its capital raising efforts, which may include cash from government grants or below market-rate loans. As the subsidiary of a savings and loan association holding company, Carver Federal must file a notice or an application (depending on the proposed dividend amount) with the OCC (and a notice with the FRB) prior to the declaration of each capital distribution. The OCC will disallow any proposed dividend that, among other reasons, would result in Carver Federal’s failure to meet the OCC minimum capital requirements.

Regulation

On May 14, 2025, the Bank entered into the Formal Agreement with the OCC. As a result of the Formal Agreement, the Bank is required to obtain the approval of the OCC prior to effecting any change in its directors or senior executive officers, paying dividends and entering into any "golden parachute payments" as that term is defined under 12 U.S.C. § 1828(k) and 12 C.F.R. Part 359. In addition, Carver was previously issued an Individual Minimum Capital Ratio ("IMCR") letter by the OCC, which requires the Bank to maintain minimum regulatory capital levels of 9% for its Tier 1 leverage ratio and 12% for its total risk-based capital ratio.

The Company must provide notice to the FRB prior to effecting any change in its directors or senior executive officers. The Company is also subject to restrictions on golden parachute and indemnification payments, as set forth in 12 C.F.R. Part 359. Written approval of the Federal Reserve Bank is required prior to (1) the declaration or payment of dividends by the Company to its stockholders, (2) the declaration or payment of dividends by the Bank to the Company, (3) any distributions of interest or principal by the Company on subordinated debentures or trust preferred securities, (4) any purchases or redemptions of the Company's stock and (5) the Company incurring, increasing or guaranteeing certain long-term debt outside the ordinary course of business. These limitations could affect our operations and financial performance.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The consolidated financial statements include the accounts of the Company, the Bank and the Bank's wholly-owned or majority-owned subsidiaries, Carver Asset Corporation, CFSB Realty Corp., CCDC, and CFSB Credit Corp., which is currently inactive. All significant intercompany accounts and transactions have been eliminated in consolidation.

The Company's subsidiary, Carver Statutory Trust I, is not consolidated with Carver Bancorp, Inc. for financial reporting purposes. Carver Statutory Trust I was formed in 2003 for the purpose of issuing $13.0 million aggregate liquidation amount of floating rate Capital Securities due September 17, 2033 ("Capital Securities") and $0.4 million of common securities (which are the only voting securities of Carver Statutory Trust I), which are 100% owned by Carver Bancorp, Inc., and using the proceeds to acquire Junior Subordinated Debentures issued by Carver Bancorp, Inc. Carver Bancorp, Inc. has fully and unconditionally guaranteed the Capital Securities along with all obligations of Carver Statutory Trust I under the trust agreement relating to the Capital Securities. The Company does not consolidate the accounts and related activity of Carver Statutory Trust I because it is not the primary beneficiary of the entity.

Variable interest entities ("VIEs") are consolidated, as required, when Carver has a controlling financial interest in these entities and is deemed to be the primary beneficiary. Carver is normally deemed to have a controlling financial interest and be the primary beneficiary if it has both (a) the power to direct activities of a VIE that most significantly impact the entity's economic performance; and (b) the obligation to absorb losses of the entity that could benefit from the activities that could potentially be significant to the VIE.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for credit losses, the valuation of deferred tax assets, and the fair value of financial instruments. While management uses available information to recognize losses on loans, future additions to the allowance for credit loss or future writedowns of real estate owned may be necessary based on changes in economic conditions in the areas where Carver Federal has extended mortgages and other credit instruments. Actual results could differ significantly from those estimates. Current market conditions increase the risk and complexity of the judgments in these estimates.

Reclassifications

Certain comparative amounts for the prior period have been reclassified to conform to current period presentations. Such reclassifications had no effect on net income or shareholders' equity.

Cash and Cash Equivalents

For reporting of cash flows, cash and cash equivalents include cash, amounts due from depository institutions and other short-term instruments with an original maturity of three months or less. The amounts due from depository institutions include an interest-bearing account held at the Federal Reserve Bank where any additional cash reserve required on demand deposits would be maintained. Currently, this reserve requirement is zero since the Bank's vault cash satisfies cash reserve requirements for deposits.

Investment Securities

Debt securities are classified as investment securities held-to-maturity, available-for-sale, or trading at the time of purchase. Securities are classified as held-to-maturity and carried at amortized cost only if the Bank has a positive intent and ability to hold such securities to maturity. Securities held-to-maturity are carried at cost, adjusted for the amortization of premiums and the accretion of discounts using the level-yield method over the remaining period until maturity. The Bank's held-to-maturity portfolio consists of mortgage-backed securities that are either fully guaranteed or issued by a government sponsored enterprise, which has a credit rating and perceived credit risk comparable to the U.S. government. As such, no allowance for credit losses was recorded on securities held-to-maturity as of March 31, 2026 and 2025.

Securities are classified as available-for-sale based upon management's ability to sell in response to actual or anticipated changes in interest rates, resulting prepayment risk or any other factors. Available-for-sale securities are reported at fair value. Estimated fair values of securities are based on either published or security dealers' market value if available. If quoted or dealer prices are not available, fair value is estimated using quoted or dealer prices for similar securities.

The Bank conducts periodic reviews to identify and evaluate each investment that has an unrealized holding loss. Unrealized holding gains or losses for securities available-for-sale are excluded from earnings and reported net of deferred income taxes in accumulated other comprehensive loss, a component of Stockholders' Equity. For available-for-sale securities in an unrealized loss position, management determines whether the Company has the intent to sell the security or will more likely than not be required to sell the security before the recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, any previously recognized allowance for credit loss ("ACL") is written off and the amortized cost is adjusted to fair value. If any incremental credit loss occurs, the amortized cost is adjusted further by the credit loss and recorded in earnings. For AFS securities that do not meet the above criteria, management evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management may consider various factors including downgrades in the rating of the security by rating agencies, failure of the issuer to make scheduled interest or principal payments or adverse conditions specifically related to the security. If the decline in fair value is due to credit loss, the loss is recorded through ACL, limited by the amount that the fair value is less than the amortized cost basis. Non-credit losses are recorded in other comprehensive income. Changes in the ACL are recorded as provision for (or reversal of) credit loss expense. Losses are charged against the ACL when management believes the uncollectibility of an available-for-sale security is confirmed, or when either of the criteria regarding intent or requirement to sell is met. Gains or losses on sales of securities of all classifications are recognized based on the specific identification method.

Securities that are bought and held principally for the purpose of selling them in the near term are classified as trading securities and are reported at fair value with unrealized gains and losses included in earnings.

Loans Held-for-Sale

Loans are only transferred to held-for-sale classification upon the determination by Carver to sell a loan. Held-for-sale loans are carried at the lower of cost or fair value. If a loan is transferred to held-for sale, any previously recorded allowance for credit loss is reversed into earnings and a valuation allowance would be recognized. Subsequent changes in fair value are included in Non-Interest Income in the consolidated statements of operations. The valuation methodology for loans held-for-sale varies based upon the circumstances. Held-for-sale values may be based upon accepted offer amounts, appraised value of underlying mortgaged premises, prior loan loss experience of Carver in connection with recent loan sales for the loan type in question, and/or other acceptable valuation methods.

Loans Receivable

Loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at their outstanding principal balances adjusted for unamortized premiums and discounts, certain deferred loan origination fees and costs, the allowance for credit losses and charge-offs. The Bank defers loan origination fees and certain direct loan origination costs and amortizes or accretes such amounts as an adjustment of yield over the contractual lives of the related loans using methodologies which approximate the interest method. Premiums and discounts on purchased loans are amortized or accreted as an adjustment of yield over the contractual lives of the related loans, adjusted for prepayments when applicable, using methodologies which approximate the interest method.

Loans are placed on nonaccrual status, and the accrual of interest is discontinued when the payment of principal or interest is considered to be in doubt, or when a loan becomes contractually past due by 90 days or more with respect to principal or interest, except for loans that are well-secured and in the process of collection. When a loan is placed on nonaccrual status, any accrued but uncollected interest is reversed from current interest income. Payments received on a nonaccrual loan are either applied to protective advances, the outstanding principal balance or recorded as interest income, based on an assessment of the ability to collect the loan. A nonaccrual loan may be restored to accrual status when principal and interest payments have been brought current, and the loan has performed in accordance with its contractual terms for a reasonable period (generally six months).

Allowance for Credit Losses ("ACL")

The ACL is a valuation account that is deducted from the loan portfolio's amortized cost basis to present the net amount expected to be collected on the loans. Additions to the allowance are recognized through the provision for credit losses. Loan losses are charged off against the allowance when management believes a loan balance is deemed as uncollectible. Management continues its collection efforts on previously charged-off balances and applies recoveries as additions to the ACL. The measurement of expected credit losses is based on information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount and a reversion to historical loss amounts after the reasonable and supportable period. Expected credit losses were estimated using a regression model based on historical data from the Company and peer institutions. Adjustments to modeled loss estimates may be made for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, delinquency level, or term, as well as for changes in environmental conditions, such as changes in economic conditions, property values, or other relevant factors. The discounted cash flow ("DCF") methodology is used for substantially all pools, applied with a 4-quarter reasonable and supportable forecast period and the loss rate reverts back to the long-term historical loss average with a 12-quarter straight-line reversion period where the ACL reflects the difference between the amortized cost and the present value of the expected cash flows (including prepayments and defaults). The expected cash flows are discounted at the effective interest rate and the entire change in present value is reported as a provision for credit loss (or reversal of credit loss). On a quarterly basis, management considers probability of default utilizing economic forecasts including civilian unemployment rates and CPI index, and loss given default assumptions using Frye-Jacobs estimations.

The Company has elected to exclude accrued interest from the amortized cost basis in determining credit losses. Accrued interest receivable on loans is included in a separate line item on the Consolidated Statements of Financial Condition.

Expected credit losses are measured on a collective pool basis when similar risk characteristics exist. Loans with similar risk characteristics are grouped into homogeneous segments, or pools, for allowance calculation. The following discussion describes the general risks associated with the Bank's loan portfolio segments:

- One-to-four Family - Carver Federal purchases first mortgage loans secured by one-to-four family properties that serve as the primary residence of the owner and non-qualified mortgages for one-to-four family residential loans. The loans are underwritten in accordance with applicable secondary market underwriting guidelines and requirements for sale. These loans present a moderate level of risk due primarily to general economic conditions.

- Multifamily - Carver Federal originates and purchases recourse and non-recourse multifamily loans. The Bank generally requires a debt service coverage ratio at origination of at least 1.20x (with personal guarantees), and that the maximum loan-to-value ("LTV") at origination not exceed 75% based on the appraised value of the mortgaged property. Multifamily property lending entails additional risks compared to one-to-four family lending. These loans are dependent on the successful operation of such buildings and can be significantly impacted by economic conditions, industry concentration, valuation of the underlying properties, lease terms, occupancy/vacancy rates, and changes in market demand for multifamily units. The Bank primarily considers the property's ability to generate net operating income sufficient to support the debt service, the financial resources, income level and managerial expertise of the owner/guarantor, the marketability of the property and the Bank's lending experience with the owner/guarantor.

- Commercial Real Estate ("CRE") - CRE lending consists predominantly of originating loans for the purpose of purchasing or refinancing office, mixed-use properties, retail, and church buildings in the Bank's market area. Mixed-use loans are secured by properties that are intended for both commercial and residential use, but predominantly commercial, and are classified as CRE. The Bank primarily considers the ability of the net operating income generated by the real estate to support the debt service, the financial resources, income level and managerial expertise of the owner/guarantor, the marketability of the property and the Bank's lending experience with the owner/guarantor. The maximum LTV ratio on CRE loans at origination is generally 75% based on the latest appraised fair market value of the mortgaged property and the Bank generally requires a debt service coverage ratio at origination of at least 1.20x (with guarantor recourse). The Bank also requires the assignment of rents of all tenants' leases in the mortgaged property and personal guarantees may be obtained for additional security from these borrowers. CRE loans generally present a higher level of risk than other types of loans due primarily to the effect of general economic conditions and the complexities involved in valuing the underlying collateral.

- Construction - Carver Federal historically originated or participated in construction loans for new construction and renovation of multifamily buildings, residential developments, community service facilities, churches, and affordable housing programs. The loans provide for disbursement in stages as construction is completed. Borrowers must satisfy all credit requirements that apply to the Bank’s permanent mortgage loan financing for the mortgaged property. The Bank has additional criteria for construction loans, including an engineer’s plan and periodic cost reviews on all construction budgets for loans. Construction loans present an increased level of risk from the effect of general economic conditions and uncertainties surrounding construction costs.

- Business - Carver Federal originates and purchases business and SBA loans primarily to businesses located in its primary market area and surrounding areas. Business loans are typically personally guaranteed by the owners and may also be secured by additional collateral, including real estate, equipment, and inventory. Business loans are subject to increased risk from the effect of general economic conditions. SBA loans are guaranteed by the U.S. government based on the percentage of each individual program.

- Consumer (including Overdraft accounts) - The Consumer portfolio includes student loans to medical students enrolled in several medical schools throughout the United States and Caribbean, as well as unsecured consumer loans purchased from or originated through strategic partnerships with Bankers Healthcare Group, LLC, and Upstart Holdings, Inc. Consumer loans are typically unsecured and more susceptible to declining economic conditions.

Because expected loss predictions may not adequately project the level of losses inherent in a portfolio, the Bank reviews a number of qualitative factors on a quarterly basis to determine if reserves should be adjusted based upon any of those factors. As the risk ratings deteriorate, some of the qualitative factors tend to increase. A number of qualitative factors are considered including economic forecast uncertainty, credit quality trends, valuation trends, concentration risk, quality of loan review, changes in personnel, impact of rising rates, external factors, and other considerations. Although the quantitative calculation includes a measurement of statistical economic conditions based on national averages, an additional analysis is performed at the qualitative level that applies specifically to the Company's geographic area and the banking industry that includes reasonable and supportable forecasts.

Representation and Warranty Reserve

During the period 2004 through 2009, the Bank originated 1-4 family residential mortgage loans and sold the loans to the Federal National Mortgage Association (“FNMA”) with the standard representations and warranties for loans sold to the Government Sponsored Entities (GSEs). The Bank may be required to repurchase these loans in the event of breaches of these representations and warranties. In the event of a repurchase, the Bank is typically required to pay the unpaid principal balance as well as outstanding interest and fees. The Bank then recovers the loan or, if the loan has been foreclosed, the underlying collateral. The Bank is exposed to any losses on repurchased loans after giving effect to any recoveries on the collateral. During the first quarter of the current fiscal year, the Bank terminated its servicing agreement and transferred the portfolio to FNMA. The Bank remains responsible for the obligations that existed prior to the termination, including repurchasing and making FNMA whole with respect to mortgage loans that do not comply with the representations and warranties.

Management has established a representation and warranty reserve for losses associated with the repurchase of mortgage loans sold by the Bank to FNMA that we consider to be both probable and reasonably estimable. These reserves are reported in the consolidated statement of financial condition as a component of other liabilities. The calculation of the reserve is based on estimates, which are uncertain, and require the application of judgment. In establishing the reserves, we consider a variety of factors, including those loans that are under review by FNMA that have not yet received a repurchase request. The Bank tracks the FNMA claims monthly and evaluates the reserve on a quarterly basis.

Segment Reporting

The Company has determined that all of its activities constitute one reportable operating segment, with operations primarily focused on community banking. The Company's chief operating decision maker ("CODM") is the senior executive committee that includes the chief executive officer, chief financial officer, and chief administrative officer. The primary measure of segment performance is consolidated net income (loss). The CODM reviews the Company's financial information presented on a consolidated basis for purposes of making operating decisions and allocating resources and evaluates financial performance by monitoring the revenue streams of its products and services, significant expenses, and budget to actual results. The Company's segment assets are total assets as presented in the consolidated statements of financial condition and the measure of segment performance and significant segment expenses are presented in the consolidated statements of operations.

Concentration of Risk

The Bank's principal lending activities are concentrated in loans secured by real estate, a substantial portion of which are located in New York City. Accordingly, the ultimate collectability of a substantial portion of the Company's loan portfolio is susceptible to changes in New York's real estate market conditions. Qualitative factors in the ACL calculation considers the Bank's concentration risk.

Premises and Equipment

Premises and equipment are comprised of building improvements, furnishings and equipment and leasehold improvements carried at cost, less accumulated depreciation, and amortization. Depreciation and amortization charges are included in Non-Interest Expense in the consolidated statements of operations and are computed using the straight-line method over the following estimated useful lives:

Buildings and improvements	10 to 25 years
Furnishings and equipment	3 to 5 years
Leasehold improvements	Lesser of useful life or remaining term of lease

Maintenance, repairs, and minor improvements are charged to non-interest expense in the period incurred.

Leases

Leases are classified as operating or finance leases at the lease commencement date. The Company includes lease renewal options in the lease term if it is reasonably certain the option will be exercised. Right-of-use ("ROU") assets represent the Company's right to use an underlying asset during the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of the remaining lease payments over the lease term. The Company uses its incremental borrowing rate, which is the rate for a fully collateralized and fully amortizing loan with a maturity date that is similar to the lease term, at lease commencement to calculate the present value of lease payments when the implicit rate in a lease is not readily determinable.

Federal Home Loan Bank Stock

The FHLB-NY has assigned to the Bank a mandated membership stock purchase, based on the Bank's asset size. In addition, for all borrowing activity, the Bank is required to purchase shares of FHLB-NY non-marketable capital stock at par. Such shares are redeemed by FHLB-NY at par with reductions in the Bank's borrowing levels. FHLB stock does not have a readily determinable fair value and we do not consider these shares to be impaired at March 31, 2026 and 2025. The Bank carries this investment at historical cost.

Mortgage Servicing Rights

All separately recognized servicing assets totaled $0 and $130 thousand at March 31, 2026 and 2025, respectively, and are included in Other Assets in the consolidated statements of financial condition and measured at fair value. Changes in fair value are included in Non-Interest Income in the consolidated statements of operations. Servicing fee income of $3 thousand and $25 thousand, respectively, was recognized during the years ended March 31, 2026 and 2025, and is included in Non-Interest Income in the consolidated statements of operations.

Other Real Estate Owned

Real estate acquired by foreclosure or deed-in-lieu of foreclosure is recorded at fair value, less estimated selling costs, at the date of acquisition, and is included in Other Assets in the consolidated statements of financial condition. Any subsequent adjustments will be to the lower of cost or fair value and included in Non-Interest Expense in the consolidated statements of operations. The fair value of such assets is determined based primarily upon independent appraisals and other relevant factors. The amounts ultimately recoverable from real estate owned could differ from the net carrying value of these properties because of economic conditions. Costs incurred to improve properties or prepare them for sale are capitalized. Revenues and expenses related to the holding and operating of properties are recognized in operations as earned or incurred. Gains or losses on sale of properties are recognized as incurred and are included in Non-Interest Expense in the consolidated statements of operations. At March 31, 2026 and 2025, the Bank held $52 thousand in a foreclosed residential real estate property as a result of obtaining physical possession. As of March 31, 2026 and 2025, the Bank had residential loans with a carrying value of $2.0 million and $1.3 million, respectively, collateralized by residential real estate property for which formal foreclosure proceedings were in process.

Income Taxes

The Company records income taxes using the asset and liability method. Income tax expense (benefit) consists of income taxes currently payable (receivable) and deferred income taxes. Temporary differences between the basis of assets and liabilities for financial reporting and tax purposes are measured as of the balance sheet date. Deferred tax liabilities or recognizable deferred tax assets are calculated on such differences, using current statutory rates, which result in future taxable or deductible amounts. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. Where applicable, deferred tax assets are reduced by a valuation allowance for any portion determined more likely than not to be realized. This valuation allowance would subsequently be adjusted by a charge or credit to income tax expense as changes in facts and circumstances warrant. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded. Any interest expense or penalties would be recorded as interest expense.

Earnings (Loss) per Common Share ("EPS")

The Company has preferred stock which are entitled to receive dividends if declared on the Company's common stock and are therefore considered to be participating securities. Basic EPS is computed using the two class method. This calculation divides net income (loss) available to common stockholders after the allocation of undistributed earnings to the participating securities by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share takes into account the potential dilution that could occur if securities or other contracts to issue common stock were exercised and converted into common stock. These potentially dilutive shares are then included in the weighted average number of shares outstanding for the period. Dilution calculations are not applicable to net loss periods.

Preferred and Common Dividends

While Carver has suspended its regular quarterly cash dividend on its common stock, in the future, the Company may rely on dividends from Carver Federal to pay cash dividends to its stockholders and to engage in share repurchase programs. In recent years, Carver has been successful in obtaining cash independently through its capital raising efforts, which may include cash from government grants or below market-rate loans. Under the Formal Agreement, the OCC will monitor all capital distributions, including dividend payments, by Carver Federal to the Company. The FRB regulates dividends paid by the Company. As the subsidiary of a savings and loan association holding company, Carver Federal must file a notice or an application (depending on the proposed dividend amount) with the OCC (and an application with the FRB) prior to the declaration of each capital distribution. The OCC will disallow any proposed dividend that, among other reasons, would result in Carver Federal’s failure to meet the OCC minimum capital requirements.

Treasury Stock

Treasury stock is recorded at cost and presented as a reduction of stockholders' equity.

Stock Compensation Plans

The Company currently has multiple stock plans in place for employees and directors of the Company. The compensation cost related to share-based payment transactions is included in Employee Compensation and Benefits in the consolidated statements of operations. Compensation cost for all stock awards is calculated on the date of grant and recognized over a defined vesting period. Forfeitures are accounted for as they occur. For awards with graded-vesting, compensation cost is recognized on a straight-line basis over the requisite vesting period for the entire award. The Black-Scholes model is used to estimate the fair value of stock options, while the market price of the Company's common stock at the date of grant is used for restricted stock awards.

Reserve for Off-Balance Sheet Credit Exposure

In the ordinary course of business, the Bank has entered into off-balance sheet financial instruments consisting of commitments to extend credit and letters of credit. Such financial instruments are recorded in the consolidated statements of condition when they are funded. The Company estimates a reserve for expected credit losses on loan commitments over the contractual period in which it is exposed to credit risk via a contractual obligation to extend credit unless that obligation is unconditionally cancellable by the Company. The Bank does not record any reserve for unconditionally cancellable unfunded lending commitment since the exposure may be canceled to prevent future credit loss. Reserves for unfunded lending commitments that are not unconditionally cancellable are included in Other Liabilities in the consolidated statements of financial condition and Provision for Credit Loss in the consolidated statements of operations. Management will consider the likelihood that funding will occur and use the discount rate based on the associated pooled loan analysis loss rate to calculate the estimated expected credit losses. The Company recorded a provision for credit loss for off-balance sheet credit exposures of $2 thousand for both fiscal years ended March 31, 2026 and 2025, respectively. The ACL on off-balance sheet credit exposures was $13 thousand and $11 thousand as of March 31, 2026 and 2025, respectively.

Grant Income

Designated as a Community Development Financial Institution ("CDFI") by the U.S. Department of the Treasury, the Bank is eligible for, and on occasion receives, assistance from the government and other financial institutions in the form of grants. The Company earns these grants through compliance with their conditions and by meeting the stated obligations. The Company recognizes grant income over the periods that bear the cost of meeting the obligations.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense was $111 thousand and $499 thousand for the years ended March 31, 2026 and 2025, respectively.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity. If the criteria for sales accounting is not met, the Company will continue to recognize the financial asset and recognize an associated secured borrowing.

Recent Accounting Standards

Accounting Standards Recently Adopted

On April 1, 2025, the Company adopted ASU No. 2023-09 "Income Taxes (Topic 740): Improvements to Income Tax Disclosures," which enhances income tax disclosures to help investors better assess how a company's operations and related tax risks and tax planning and operational opportunities affect its tax rate and prospects for future cash flows. The amendments in this update requires further disaggregated information about a reporting entity's effective tax rate reconciliation and information on income taxes paid and should be applied on a prospective basis with an option for retrospective application. The adoption of the standard did not have a material impact on the Company's consolidated financial statements.

On March 31, 2025, the Company adopted ASU No. 2023-07 "Segment Report (Topic 280): Improvements to Reportable Segment Disclosures," which improves reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The amendments in this update should be applied retrospectively to all prior periods presented in the financial statements. The Company has determined that all of its activities constitute one reportable operating segment and there was no material impact on the consolidated financial statements upon adoption.

Accounting Standards Not Yet Adopted

In November 2024, the FASB issued ASU No. 2024-03 "Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40)" to improve the disclosures about a public business entity's expenses and address investor requests for more detailed information about the types of expenses (including purchases of inventory, employee compensation, depreciation, amortization, and depletion) in commonly presented expense captions. ASU No. 2024-03 is effective for fiscal years beginning after December 15, 2026 (for the Company, the fiscal year ending March 31, 2028), and interim periods beginning after December 15, 2027. Early adoption is permitted. The amendments in this update should be applied either prospectively to financial statements issued for reporting periods after the effective date of this update, or retrospectively to any or all prior periods presented in the financial statements. ASU 2024-03 is not expected to have a material impact on the Company's financial statements.

NOTE 3. INVESTMENT SECURITIES

At March 31, 2026 and 2025, the fair value of securities available-for-sale totaled $42.2 million, or 96.5% of the Bank’s total securities, and $44.5 million, respectively. The amortized cost of securities held-to-maturity was $1.5 million, or 3.5% of total securities, and $1.8 million at March 31, 2026 and 2025, respectively. The Bank had no securities classified as trading at March 31, 2026 and 2025.

Other investments at March 31, 2026 primarily consisted of the Company and Bank's investments in limited partnership Community Capital Funds and a $5.2 million bank-owned life insurance policy ("BOLI") that was purchased during the first quarter of fiscal year 2023 as a channel to add to the Company's non-interest income revenue by means of an investment considered safe and sound by the Company's regulators. The investments in the limited partnerships are measured using the equity method. The BOLI is carried at the cash surrender value of the underlying policies. Income generated from the investments and the increase in the cash surrender value of the BOLI is included in other non-interest income on the Statements of Operations. Other investments totaled $7.4 million at March 31, 2026 and are included in Other Assets on the Statements of Financial Condition.

The following tables summarize the amortized cost and fair value of securities available-for-sale and held-to-maturity at March 31, 2026 and 2025.

	At March 31, 2026			
	Amortized	Gross Unrealized		
$ in thousands	**Cost**	**Gains**	**Losses**	**Fair Value**
Available-for-Sale:				
Mortgage-backed securities:				
Government National Mortgage Association	$ 177	$ 4	$ —	$ 181
Federal Home Loan Mortgage Corporation	17,523	1	(3,718)	13,806
Federal National Mortgage Association	9,536	—	(1,824)	7,712
Total mortgage-backed securities	27,236	5	(5,542)	21,699
U.S. Government Agency Securities	3,018	5	(1)	3,022
Corporate Bonds	5,259	—	(2,463)	2,796
Muni Securities	17,649	—	(2,945)	14,704
Total available-for-sale	$ 53,162	$ 10	$ (10,951)	$ 42,221
Held-to-Maturity:				
Mortgage-backed securities:				
Government National Mortgage Association	$ 218	$ —	$ (5)	$ 213
Federal National Mortgage Association	1,322	—	(21)	1,301
Total held-to-maturity	$ 1,540	$ —	$ (26)	$ 1,514

	At March 31, 2025			
	Amortized	Gross Unrealized		
$ in thousands	**Cost**	**Gains**	**Losses**	**Fair Value**
Available-for-Sale:				
Mortgage-backed securities:				
Government National Mortgage Association	$ 204	$ 5	$ —	$ 209
Federal Home Loan Mortgage Corporation	18,779	—	(4,017)	14,762
Federal National Mortgage Association	10,231	—	(2,130)	8,101
Total mortgage-backed securities	29,214	5	(6,147)	23,072
U.S. Government Agency Securities	4,326	—	(16)	4,310
Corporate Bonds	5,262	—	(2,442)	2,820
Muni Securities	17,673	—	(3,353)	14,320
Total available-for-sale	$ 56,475	$ 5	$ (11,958)	$ 44,522
Held-to-Maturity:				
Mortgage-backed securities:				
Government National Mortgage Association	$ 249	$ —	$ (9)	$ 240
Federal National Mortgage Association	1,501	—	(43)	1,458
Total held-to-maturity	$ 1,750	$ —	$ (52)	$ 1,698

There were no sales of securities available-for-sale and held-to-maturity during the years ended March 31, 2026 and 2025.

Carver maintains a portfolio of mortgage-backed securities in the form of Government National Mortgage Association ("GNMA") pass-through certificates, Federal National Mortgage Association ("FNMA") mortgage-backed securities and Federal Home Loan Mortgage Corporation ("FHLMC") mortgage-backed securities. GNMA pass-through certificates are guaranteed as to the payment of principal and interest by the full faith and credit of the United States Government, while FNMA and FHLMC securities are each guaranteed by their respective agencies as to principal and interest. Based on the high quality of the Bank's investment portfolio, current market conditions have not significantly impacted the pricing of the portfolio or the Bank's ability to obtain reliable prices.

Securities with carrying values of $224 thousand and $270 thousand as of March 31, 2026 and 2025, respectively, were pledged to secure deposits of public funds. Securities with carrying values of $1.7 million and $1.9 million as of March 31, 2026 and 2025, respectively, were pledged as collateral for advances from the FHLB-NY.

The following tables summarize the gross unrealized losses and fair value of the Company's securities in an unrealized loss position for which an allowance for credit losses has not been recorded, aggregated by category and length of time that individual securities have been in a continuous unrealized loss position at March 31, 2026 and 2025:

	At March 31, 2026					
	Less than 12 months		12 months or longer		Total	
$ in thousands	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**	**Fair Value**
Available-for-Sale:						
Mortgage-backed securities	$ —	$ —	$ (5,542)	$ 21,365	$ (5,542)	$ 21,365
U.S. Government Agency Securities	—	—	(1)	411	(1)	411
Corporate bonds	—	—	(2,463)	2,796	(2,463)	2,796
Muni securities	—	—	(2,945)	14,703	(2,945)	14,703
Total available-for-sale securities	$ —	$ —	$ (10,951)	$ 39,275	$ (10,951)	$ 39,275
Held-to-Maturity:						
Mortgage-backed securities	$ (5)	$ 213	$ (21)	$ 1,277	$ (26)	$ 1,490
Total held-to-maturity securities	$ (5)	$ 213	$ (21)	$ 1,277	$ (26)	$ 1,490

	At March 31, 2025					
	Less than 12 months		12 months or longer		Total	
$ in thousands	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**	**Fair Value**
Available-for-Sale:						
Mortgage-backed securities	$ —	$ —	$ (6,147)	$ 22,863	$ (6,147)	$ 22,863
U.S. Government Agency Securities	(11)	3,467	(5)	843	(16)	4,310
Corporate bonds	—	—	(2,442)	2,820	(2,442)	2,820
Muni securities	—	—	(3,353)	14,320	(3,353)	14,320
Total available-for-sale securities	$ (11)	$ 3,467	$ (11,947)	$ 40,846	$ (11,958)	$ 44,313
Held-to-Maturity:						
Mortgage-backed securities	$ —	$ —	$ (52)	$ 1,670	$ (52)	$ 1,670
Total held-to-maturity securities	$ —	$ —	$ (52)	$ 1,670	$ (52)	$ 1,670

Management reviews the investment portfolio on a quarterly basis to identify and evaluate each investment that has an unrealized holding loss. As of March 31, 2026 and 2025, 19 and 22 securities available-for-sale and held-to maturity were in an unrealized loss position, respectively. Mortgage-backed securities, U.S. government agency securities, municipal securities, and a corporate bond security represented 54.4%, 1.1%, 37.4% and 7.1%, respectively, of total available-for-sale securities in an unrealized loss position at March 31, 2026. 7 mortgage-backed securities, 1 U.S. government agency security, 1 corporate bond and 6 municipal securities were in an unrealized loss position for 12 months or more at March 31, 2026. Management has evaluated available-for-sale securities that are in an unrealized loss position and determined that the declines in fair value are attributable to market volatility, and not credit quality or other factors. Given the high credit quality of the mortgage-backed securities, which are backed by explicit U.S. government guarantees, or guarantees by government sponsored enterprises that have credit ratings and perceived credit risk comparable to the U.S. government, the high credit quality and strong financial performance of the U.S. government agency and the results of the individual analyses performed for and continuous surveillance on the municipal securities, as well as the corporate security that is a reputable institution in good financial standing, the risk of credit loss is minimal. Management believes that these unrealized losses are a direct result of the current rate environment and the Company has the ability and intent to hold the securities until maturity or the valuations recover. The Bank's held-to-maturity portfolio consists of 5 mortgage-backed securities that were in an unrealized loss position for 12 months or more at March 31, 2026. These securities are either fully guaranteed or issued by a government sponsored enterprise, which has a credit rating and perceived credit risk comparable to the U.S. government. As such, no allowance for credit losses on securities available-for-sale or held-to-maturity have been established as of March 31, 2026.

The following table summarizes the amortized cost and fair value of debt securities at March 31, 2026, by contractual maturity. Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

$ in thousands	**Amortized Cost**	**Fair Value**	**Weighted Average Yield**
Available-for-Sale:			
One through five years	412	411	5.15 %
Five through ten years	15,143	12,800	2.27 %
After ten years	10,371	7,311	3.44 %
Mortgage-backed securities	27,236	21,699	1.63 %
	$ 53,162	$ 42,221	2.17 %
Held-to-maturity:			
Mortgage-backed securities	$ 1,540	$ 1,514	2.84 %

NOTE 4. LOANS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES

The following is a summary of loans receivable, net of allowance for credit losses at March 31:

	March 31, 2026		**March 31, 2025**	
$ in thousands	**Amount**	**%**	**Amount**	**%**
One-to-four family	$ 64,870	11.5 %	$ 74,387	12.1 %
Multifamily	153,785	27.3 %	165,812	27.0 %
Commercial real estate	161,941	28.8 %	178,257	29.1 %
Construction	4,900	0.9 %	4,567	0.7 %
Business (1)	151,651	27.0 %	164,964	26.9 %
Consumer (2)	25,310	4.5 %	25,697	4.2 %
Total loans receivable	562,457	100.0 %	613,684	100.0 %
Allowance for credit losses	(5,800)		(6,337)	
Total loans receivable, net	$ 556,657		$ 607,347	

(1) Includes business overdrafts of $53 thousand and $50 thousand as of March 31, 2026 and 2025, respectively

(2) Includes consumer overdrafts of $25 thousand and $18 thousand as of March 31, 2026 and 2025, respectively

The totals above are shown net of deferred loan fees and costs. Net deferred loan fees totaled $2.2 million and $2.6 million at March 31, 2026 and 2025, respectively.

Substantially all of the Bank's real estate loans receivable are principally secured by properties located in New York City. Accordingly, as with most financial institutions in the market area, the ultimate collectability of a substantial portion of the Company's loan portfolio is susceptible to changes in market conditions in this area.

The allowance for credit losses totaled $5.8 million and $6.3 million as of March 31, 2026 and 2025, respectively. The following tables present the activity in the allowance for credit losses by portfolio segment for the years ended March 31, 2026 and 2025:

At March 31, 2026

$ in thousands	One-to-four family	Multifamily	Commercial Real Estate	Construction	Business	Consumer	Other	Total
Allowance for credit losses:								
Beginning Balance	$ 1,800	$ 821	$ 1,465	$ 2	$ 1,647	$ 591	$ 11	$ 6,337
Charge-offs	—	—	—	—	(238)	(464)	—	(702)
Recoveries	—	—	—	—	19	57	—	76
Provision for (Recovery of) Credit Losses	(419)	498	(525)	(2)	232	316	(11)	89
Ending Balance	$ 1,381	$ 1,319	$ 940	$ —	$ 1,660	$ 500	$ —	$ 5,800
Allowance for Credit Losses Ending Balance: collectively evaluated for impairment	$ 1,381	$ 1,301	$ 876	$ —	$ 1,504	$ 500	$ —	$ 5,562
Allowance for Credit Losses Ending Balance: individually evaluated for impairment	—	18	64	—	156	—	—	238
Loan Receivables Ending Balance	$ 64,870	$ 153,785	$ 161,941	$ 4,900	$151,651	$ 25,310	$ —	$ 562,457
Ending Balance: collectively evaluated for impairment	63,076	142,675	152,712	4,900	144,551	25,288	—	533,202
Ending Balance: individually evaluated for impairment	1,794	11,110	9,229	—	7,100	22	—	29,255

At March 31, 2025

$ in thousands	One-to-four family	Multifamily	Commercial Real Estate	Construction	Business	Consumer	Other	Total
Allowance for credit losses:								
Beginning Balance	$ 2,005	$ 720	$ 1,222	$ 1	$ 1,415	$ 450	$ 58	$ 5,871
Charge-offs	—	—	—	—	(289)	(581)	—	(870)
Recoveries	—	—	—	—	10	135	—	145
Provision for (Recovery of Credit Losses	(206)	100	243	2	510	589	(47)	1,191
Ending Balance	$ 1,799	$ 820	$ 1,465	$ 3	$ 1,646	$ 593	$ 11	$ 6,337
Allowance for Credit Losses Ending Balance: collectively evaluated for impairment	$ 1,799	$ 820	$ 1,404	$ 3	$ 1,547	$ 560	$ 11	$ 6,144
Allowance for Credit Losses Ending Balance: individually evaluated for impairment	—	—	61	—	99	33	—	193
Loan Receivables Ending Balance	$ 74,387	$ 165,812	$ 178,257	$ 4,567	$164,964	$ 25,697	$ —	$ 613,684
Ending Balance: collectively evaluated for impairment	72,888	161,879	169,935	4,567	151,885	25,664	—	586,818
Ending Balance: individually evaluated for impairment	1,499	3,933	8,322	—	13,079	33	—	26,866

The following tables present the amortized cost basis of loans on nonaccrual status at March 31, 2026 and 2025.

	March 31, 2026		
$ in thousands	**Nonaccrual Loans with No Allowance**	**Nonaccrual Loans with an Allowance**	**Total Nonaccrual**
Gross loans receivable:			
One-to-four family	$ 1,590	$ —	$ 1,590
Multifamily	5,256	2,085	7,341
Commercial real estate	6,122	2,200	8,322
Business	778	201	979
Consumer	22	—	22
Total nonaccrual loans	$ 13,768	$ 4,486	$ 18,254

	March 31, 2025		
$ in thousands	**Nonaccrual Loans with No Allowance**	**Nonaccrual Loans with an Allowance**	**Total Nonaccrual**
Gross loans receivable:			
One-to-four family	$ 1,519	$ —	$ 1,519
Multifamily	3,937	—	3,937
Commercial real estate	4,545	2,202	6,747
Business	12,255	104	12,359
Consumer	—	33	33
Total nonaccrual loans	$ 22,256	$ 2,339	$ 24,595

There was no interest income recognized on nonaccrual loans during the twelve months ended March 31, 2026 and 2025.

At March 31, 2026 and 2025, other non-performing assets totaled $52 thousand, respectively, which consisted of other real estate owned comprised of one foreclosed residential property. Other real estate owned is included in other assets in the consolidated statements of financial condition. There were no held-for-sale loans at March 31, 2026 and 2025.

The Bank utilizes an internal loan classification system as a means of reporting problem loans within its loan categories:

Pass - Loans have demonstrated satisfactory asset quality, earning history, liquidity, and other adequate margins of creditor protection. These loans represent a moderate credit risk and some degree of financial stability and are considered collectible in full.

Special Mention - Loans have potential weaknesses that deserve management's close attention. If uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the Bank's credit position at some future date.

Substandard - Loans are inadequately protected by the current sound net worth and paying capacity of the obligor or of the collateral pledged, if any. These loans have a well-defined weakness, or weaknesses, which jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected.

Doubtful - Loans have all the weaknesses inherent in those classified as Substandard, with the added characteristic that collection or liquidation in full, based on current facts, conditions and values, is highly questionable and improbable.

Loss - Loans are considered uncollectible with insignificant value and are charged off immediately to the allowance for credit losses.

One-to-four family residential loans and consumer loans are rated non-performing if they are delinquent in payments 90 days or more, or past maturity. All other one-to-four family residential loans and consumer loans are performing loans.

The following tables present the amortized cost of loans by year of origination and risk category by class of loans based on the most recent analysis performed in the current quarter as of March 31, 2026 and 2025:

At March 31, 2026

$ in thousands	2026	2025	2024	2023	2022	2021 and earlier	Total
Credit Risk Profile by Internally Assigned Grade:							
Multifamily							
Pass	$ —	$ 2,902	$ 1,705	$ 6,445	$ 43,128	$ 88,495	$ 142,675
Special Mention	—	—	—	—	—	—	—
Substandard	—	—	—	—	4,501	6,609	11,110
Doubtful	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—
Total	—	2,902	1,705	6,445	47,629	95,104	153,785
Commercial Real Estate							
Pass	$ —	$ 5,245	$ 12,759	$ 27,360	$ 27,865	$ 77,592	$ 150,821
Special Mention	—	—	—	—	1,339	$ 2,153	3,492
Substandard	—	—	—	—	906	$ 6,722	7,628
Doubtful	—	—	—	—	—	$ —	—
Loss	—	—	—	—	—	$ —	—
Total	—	5,245	12,759	27,360	30,110	86,467	161,941
Construction							
Pass	$ —	$ —	$ —	$ 4,900	$ —	$ —	$ 4,900
Special Mention	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—
Total	—	—	—	4,900	—	—	4,900
Business							
Pass	$ 4,594	$ 12,095	$ 18,385	$ 17,342	$ 24,048	$ 64,779	$ 141,243
Special Mention	—	—	1,654	—	1,774	—	3,428
Substandard	—	—	1,447	—	821	4,712	6,980
Doubtful	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—
Total	4,594	12,095	21,486	17,342	26,643	69,491	151,651
Gross charge-offs	—	48	9	146	35	—	238
Credit Risk Profile Based on Payment							
One-to-four Family							
Performing	$ —	$ —	$ —	$ 15,699	$ 3,696	$ 43,885	$ 63,280
Non-Performing	—	—	—	—	—	1,590	1,590
Total	—	—	—	15,699	3,696	45,475	64,870
Consumer							
Performing	$ 2,450	$ 13,851	$ 2,790	$ 5,078	$ 98	$ 1,021	$ 25,288
Non-Performing	—	—	—	22	—	—	22
Total	2,450	13,851	2,790	5,100	98	1,021	25,310
Gross charge-offs	—	63	132	128	52	89	464
Total Loans (excluding gross charge-offs)	$ 7,044	$ 34,093	$ 38,740	$ 76,846	$ 108,176	$ 297,558	$ 562,457

At March 31, 2025

$ in thousands	2025	2024	2023	2022	2021	2020 and earlier	Total
Credit Risk Profile by Internally Assigned Grade:							
Multifamily							
Pass	$ —	$ 1,719	$ 6,501	$ 50,072	$ 37,122	$ 57,167	$ 152,581
Special Mention	—	—	—	—	10,004	—	10,004
Substandard	—	—	—	1,093	1,380	754	3,227
Doubtful	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—
Total	—	1,719	6,501	51,165	48,506	57,921	165,812
Commercial Real Estate							
Pass	$ 1,750	$ 12,913	$ 28,834	$ 30,728	$ 20,250	$ 71,793	$ 166,268
Special Mention	—	—	—	—	3,023	644	3,667
Substandard	—	—	—	—	3,800	4,522	8,322
Doubtful	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—
Total	1,750	12,913	28,834	30,728	27,073	76,959	178,257
Construction							
Pass	$ —	$ —	$ 4,567	$ —	$ —	$ —	$ 4,567
Special Mention	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—
Total	—	—	4,567	—	—	—	4,567
Business							
Pass	$ 2,807	$ 24,325	$ 18,978	$ 25,906	$ 39,992	$ 38,115	150,123
Special Mention	—	—	—	1,803	438	—	2,241
Substandard	—	—	—	7,950	4,307	343	12,600
Doubtful	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—
Total	2,807	24,325	18,978	35,659	44,737	38,458	164,964
Gross charge-offs	—	—	—	160	—	129	289
Credit Risk Profile Based on Payment							
One-to-four Family							
Performing	$ —	$ —	$ 20,793	$ 3,764	$ 12,411	$ 35,920	$ 72,888
Non-Performing	—	—	—	—	—	1,499	1,499
Total	—	—	20,793	3,764	12,411	37,419	74,387
Consumer							
Performing	$ 11,206	$ 4,556	$ 8,384	$ 304	$ —	$ 1,193	$ 25,643
Non-Performing	—	22	17	15	—	—	54
Total	11,206	4,578	8,401	319	—	1,193	25,697
Gross charge-offs	—	52	303	14	—	212	581
Total Loans (excluding gross charge-offs)	$ 15,763	$ 43,535	$ 88,074	$ 121,635	$ 132,727	$ 211,950	$ 613,684

Loans are considered past due if required principal and interest payments have not been received as of the date such payments were contractually due. The following tables present an aging analysis of the amortized cost basis of past due loans at March 31, 2026 and 2025.

March 31, 2026

$ in thousands	30-59 Days Past Due	60-89 Days Past Due	90 or More Days Past Due	Total Past Due	Current	Total Loans Receivable
One-to-four family	$ 1,133	$ 325	$ 1,311	$ 2,769	$ 62,101	$ 64,870
Multifamily	9,366	—	7,341	16,707	137,078	153,785
Commercial real estate	8,072	—	8,322	16,394	145,547	161,941
Construction	—	—	—	—	4,900	4,900
Business	4,052	27	752	4,831	146,820	151,651
Consumer	109	84	—	193	25,117	25,310
Total	$ 22,732	$ 436	$ 17,726	$ 40,894	$ 521,563	$ 562,457

March 31, 2025

$ in thousands	30-59 Days Past Due	60-89 Days Past Due	90 or More Days Past Due	Total Past Due	Current	Total Loans Receivable
One-to-four family	$ 804	$ —	$ 1,499	$ 2,303	$ 72,084	$ 74,387
Multifamily	7,521	1,093	2,840	11,454	154,358	165,812
Commercial real estate	1,314	—	6,722	8,036	170,221	178,257
Construction	—	—	—	—	4,567	4,567
Business	9,265	956	12,156	22,377	142,587	164,964
Consumer	108	85	33	226	25,471	25,697
Total	$ 19,012	$ 2,134	$ 23,250	$ 44,396	$ 569,288	$ 613,684

At March 31, 2026 and 2025, there were no loans 90 or more days past due and accruing interest.

Collateral dependent loans are loans for which the repayment is expected to be provided substantially through the operation or sale of the underlying collateral, and the borrower is experiencing financial difficulty. All substandard and doubtful loans and any other loans that the Chief Credit Officer deems appropriate for review, are identified and reviewed for individual analysis. The following table presents the amortized cost of collateral dependent loans with the associated allowance amount, if applicable, as of March 31, 2026 and 2025:

	At March 31, 2026			At March 31, 2025		
	Collateral Type			Collateral Type		
$ in thousands	Real Estate	Other	Allowance Allocated	Real Estate	Other	Allowance Allocated
One-to-four family	$ 1,794	$ —	$ —	$ 1,012	$ 487	$ —
Multifamily	11,110	—	18	3,933	—	—
Commercial real estate	7,451	1,778	64	8,322	—	61
Business	5,473	1,627	156	13,018	62	99
Consumer	—	22	—	4	28	33
	$ 25,828	$ 3,427	$ 238	$ 26,289	$ 577	$ 193

Real estate collateral includes one-to-four family, multifamily and commercial properties. Collateral types securing business loans include accounts receivable. There have been no significant changes to the types of collateral securing the Bank's collateral dependent loans.

In certain circumstances, the Bank will modify the terms of a loan, including extension of maturity date, reduction in the stated interest rate, rescheduling of future cash flows, reduction in the face amount of the debt or reduction of past accrued interest. Loans modified are placed on nonaccrual status until the Company determines that future collection of principal and interest is reasonably assured, which generally requires that the borrower demonstrate performance according to the restructured terms for a period of at least six months. There were no loan modifications to borrowers experiencing financial difficulty made during the twelve months ended March 31, 2026 and 2025. At March 31, 2026 and 2025, loans modified to borrowers experiencing financial difficulty totaled $1.3 million and $6.0 million, respectively, $386 thousand and $1.1 million of which were non-performing, respectively, as they were either not consistently performing in accordance with their modified terms or not performing in accordance with their modified terms for at least six months. There were two modified loans totaling $928 thousand and 3 modified loans totaling $5.7 million that were on accrual status as the Company has determined that future collection of the principal and interest is reasonably assured at March 31, 2026 and 2025, respectively. These have generally performed according to the restructured terms for a period of at least six months. For the fiscal years ended March 31, 2026 and 2025, there were no modified loans that defaulted within 12 months of modification.

Transactions With Certain Related Persons

Federal law requires that all loans or extensions of credit to executive officers and directors must be made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with the general public and must not involve more than the normal risk of repayment or present other unfavorable features. Furthermore, loans above the greater of $25,000, or 5% of Carver Federal's capital and surplus (up to $500,000), to Carver Federal's directors and executive officers must be approved in advance by a majority of the disinterested members of Carver Federal's Board of Directors. There were no loans outstanding to related parties at March 31, 2026 and 2025.

NOTE 5. PREMISES AND EQUIPMENT, NET

The following table summarizes premises and equipment, net at March 31, 2026 and 2025:

$ in thousands	**2026**	**2025**
Leasehold improvements	$ 7,347	$ 7,311
Furniture, equipment, and other	15,478	15,142
	22,825	22,453
Less accumulated depreciation and amortization	(21,177)	(20,443)
Premises and equipment, net	$ 1,648	$ 2,010

Depreciation and amortization charged to operations was $734 thousand and $813 thousand for the years ended March 31, 2026 and 2025, respectively.

NOTE 6. LEASES

The Company has operating leases related to its retail branches and administrative office spaces. As of March 31, 2026, operating right-of-use ("ROU") lease assets and related lease liabilities totaled $5.7 million and $6.2 million, respectively. As of March 31, 2025, operating ROU lease assets and related lease liabilities totaled $8.2 million and $8.9 million, respectively.

As of March 31, 2026, the Company had $10 thousand and $11 thousand of ROU asset and lease liability, respectively, for finance leases related to equipment. As of March 31, 2025, the Company had $24 thousand and $26 thousand of ROU asset and lease liability, respectively, for finance leases. The ROU asset is included in Premises and Equipment, net, and the lease liability is included in Advances from the FHLB-NY and Other Borrowed Money on the statements of financial condition.

The following tables present information about the Company's leases and the related lease costs as of and for the years ended March 31, 2026 and 2025:

	March 31, 2026	**March 31, 2025**
Weighted-average remaining lease term		
Operating leases	2.7 years	3.5 years
Finance lease	4.0 years	1.3 years
Weighted-average discount rate		
Operating leases	3.39 %	3.34 %
Finance lease	4.14 %	5.00 %

$ in thousands	March 31, 2026		March 31, 2025	
Operating lease expense	$	2,862	$	2,797
Finance lease cost				
Amortization of right-of use asset		27		47
Interest on lease liability		1		3
Cash paid for amounts included in the measurement of lease liabilities				
Operating leases		2,862		2,947
Finance lease		50		55

Maturities of lease liabilities at March 31, 2026 are as follows:

$ in thousands	Operating Leases		Finance Leases	
Year ending March 31,				
2027	$	2,561	$	3
2028		2,411		3
2029		1,326		3
2030		134		3
2031		80		—
Thereafter		—		—
Total lease payments		6,512		12
Interest		(302)		(1)
Lease liability	$	6,210	$	11

NOTE 7. ACCRUED INTEREST RECEIVABLE

The following table summarizes accrued interest receivable at March 31, 2026 and 2025:

$ in thousands	2026		2025	
Loans receivable	$	2,969	$	2,765
Mortgage-backed securities		48		52
Investments and other interest-bearing assets		175		163
Total accrued interest receivable	$	3,192	$	2,980

NOTE 8. DEPOSITS

Deposit balances and weighted average interest rates as of March 31, 2026 and 2025 are as follows:

	2026				2025			
$ in thousands	Amount		Percent of Total Deposits	Weighted Average Rate	Amount		Percent of Total Deposits	Weighted Average Rate
Non-interest-bearing checking	$	91,588	15.78 %	— %	$	89,538	13.53 %	— %
Interest-bearing checking		42,931	7.40	0.12		44,453	6.72	0.12
Savings		114,665	19.76	0.85		111,365	16.83	0.62
Money market		130,987	22.57	2.02		161,592	24.41	2.01
Certificates of deposit		196,059	33.78	3.56		252,129	38.10	3.98
Escrow		4,095	0.71	2.54		2,760	0.41	1.03
Total	$	580,325	100.00 %	1.85 %	$	661,837	100.00 %	2.12 %

Scheduled maturities of certificates of deposit as of March 31, 2026 are as follows:

$ in thousands		Amount
Maturing years ending March 31:		
2027	$	184,906
2028		5,092
2029		2,510
2030		2,345
2031		1,191
2032 and beyond		15
Total	$	196,059

The following table represents the amount of certificates of deposit of $250,000 or more at March 31, 2026 maturing during the periods indicated:

$ in thousands		
Maturing:		
April 1, 2026 to June 30, 2026	$	8,383
July 1, 2026 to September 30, 2026		5,419
October 1, 2026 to March 31, 2027		4,010
April 1, 2027 and beyond		504
Total	$	18,316

Interest expense on deposits for the years ended March 31, 2026 and 2025 are as follows:

$ in thousands		2026		2025
Interest-bearing checking	$	53	$	54
Savings		950		677
Money market		3,094		3,109
Certificates of deposit		7,707		9,175
Escrow		60		23
Total interest expense	$	11,864	$	13,038

The following table presents additional information related to the Bank's deposits as of March 31, 2026 and 2025:

$ in thousands		2026		2025
Deposits from the Certificate of Deposit Account Registry Service (CDARS)	$	86,784	$	89,994
Deposits from brokers		117,862		55,042
Certificates of deposit individually greater than $250,000		18,317		19,180
Deposits from certain directors, executive officers and their affiliates		1,844		3,219

NOTE 9. ADVANCES FROM THE FHLB-NY AND OTHER BORROWED MONEY

Federal Home Loan Bank Advances. The Bank had $4.1 million and $1.8 million outstanding advances from the FHLB-NY at March 31, 2026 and 2025, respectively. At March 31, 2026, FHLB-NY borrowings consist of two 12-month fixed-rate advances secured through the FHLB-NY 0% Development Advance (ZDA) Program, which provides members with subsidized funding in the form of interest rate credits to assist in originating or purchasing loans that meet an eligibility criteria.

As a member of the FHLB-NY, the Bank may have outstanding FHLB-NY borrowings in a combination of term advances and overnight funds of up to 30% of its total assets, or approximately $201.4 million at March 31, 2026. Borrowings are secured by the Bank's investment in FHLB-NY stock and a blanket security agreement. This agreement requires the Bank to maintain as collateral certain qualifying assets (principally mortgage loans and securities) not otherwise pledged. At March 31, 2026, advances were secured by pledges of the Bank's investment in FHLB-NY capital stock totaling $0.9 million, and a blanket assignment of pledged qualifying mortgage loans of $38.5 million and mortgage-backed and investment securities with a fair value of $1.7 million. The Bank has sufficient collateral at the FHLB-NY to be able to borrow $21.8 million at March 31, 2026. The accrued interest payable on FHLB-NY advances was $15 thousand and $8 thousand, and interest expense was $5 thousand and $892 thousand, for the years ended March 31, 2026 and 2025, respectively. FHLB-NY advances weighted average interest rates by remaining period to maturity are as follows:

$ in thousands	2026 Amount	2026 Weighted Average Rate	2025 Amount	2025 Weighted Average Rate
Maturing Year Ending March 31,				
2026	$ —	— %	$ 1,814	5.45 %
2027	4,127	4.22 %	—	— %
	$ 4,127		$ 1,814	

Federal Reserve Bank Advances. The Bank has available funding from the FRB discount window in the form of short-term advances with a maximum of 90 days. Borrowings are secured by eligible loan and security collateral. The Bank had a $23.0 million outstanding advance through the FRB discount window at March 31, 2026. At March 31, 2026, the Bank had collateral valued at $54.3 million pledged at the FRB with an available borrowing capacity of $31.3 million. The accrued interest payable on FRB advances was $2 thousand and interest expense was $371 thousand for the year ended March 31, 2026.

Subordinated Debt Securities. On September 17, 2003, Carver Statutory Trust I issued 13,000 shares, liquidation amount $1,000 per share, of floating rate capital securities. Gross proceeds from the sale of these trust preferred debt securities of $13 million and proceeds from the sale of the trust's common securities of $0.4 million, were used to purchase approximately $13.4 million aggregate principal amount of the Company's floating rate junior subordinated debt securities due 2033. The trust preferred debt securities are redeemable at par quarterly at the option of the Company beginning on or after September 17, 2008, and have a mandatory redemption date of September 17, 2033. Cash distributions on the trust preferred debt securities are cumulative and payable at a floating rate per annum resetting quarterly with a margin of 3.05% over the three-month SOFR. Debenture interest payments are subject to prior approval from the Federal Reserve Bank. A streamlined process has been developed for the Company to request regulatory approval to make debenture interest payments, although there is no assurance that the Federal Reserve Bank will continue to approve such quarterly payments. The Company deferred the quarterly interest payment beginning with the payment due June 17, 2025 in order to manage liquidity. Debenture interest payments may be deferred for up to twenty consecutive quarters under the terms of the Indenture. In March 2026, the Company entered into an agreement with the holders of the Debenture to cancel the $1.0 million deferred accrued interest up to and including the March 2026 quarterly interest payment in exchange for the issuance of common stock of the Company. The accrued interest payable on subordinated debt securities was $32 thousand and $43 thousand, and the interest expense was $1.0 million and $1.1 million for the years ended March 31, 2026 and 2025, respectively.

Other Borrowings. At March 31, 2026 and 2025, the Company had $5.0 million outstanding in three long-term, fixed rate, below-market-rate loans provided by third parties. Based on the covenants of these notes, the proceeds will be used to finance eligible loans offered through the Bank's community investment initiatives and loan programs. The accrued interest payable on these notes was $22 thousand and $7 thousand, and interest expense was $76 thousand for the years ended March 31, 2026 and 2025, respectively.

The following table presents expected maturities of the Company's long-term borrowings at March 31, 2026:

$ in thousands	
Year ending March 31,	
2027	$ 6,627
2028	—
2029	2,500
2030	—
2031	—
Thereafter	13,403
Total	$ 22,530

The following table sets forth certain information regarding the Company's borrowings as of and for the years ended March 31, 2026 and 2025:

$ in thousands	**2026**	**2025**
Amounts outstanding at the end of year:		
FHLB advances	$ 4,127	$ 1,814
FRB advances	23,000	—
Subordinated debt securities	13,403	13,403
Other	5,000	5,000
Rate paid at year end:		
FHLB advances	4.22 %	5.45 %
FRB advances	3.75 %	— %
Subordinated debt securities	6.99 %	7.61 %
Other	1.50 %	1.50 %
Maximum amount of borrowing outstanding at any month end:		
FHLB advances	$ 5,000	$ 25,000
FRB advances	46,000	—
Subordinated debt securities	13,403	13,403
Other	2,500	2,500
Approximate average amounts outstanding for year:		
FHLB advances	$ 3,524	$ 24,089
FRB advances	9,767	—
Subordinated debt securities	13,403	13,403
Other	5,000	5,000
Approximate weighted average rate paid during year:		
FHLB advances	0.13 %	3.7 %
FRB advances	3.80 %	— %
Subordinated debt securities	7.71 %	8.38 %
Other	1.52 %	1.51 %

NOTE 10. INCOME TAXES

The following table presents the composition of income tax expense (benefit) from continuing operations for the years ended March 31:

$ in thousands	**2026**	**2025**
Federal		
Current	$ —	$ —
Deferred	—	—
Total Federal	—	—
Total income tax expense	$ —	$ —

The Company did not have any state and local income tax, and pretax income from continuing foreign operations or foreign tax expense for the years ended March 31, 2026 and 2025.

	2026
Cash taxes paid in the current period	
Federal	$ —
New York State and local	109,687

The provision for income tax differs from the amount computed by applying the statutory federal income tax rate to income before income taxes. The Company ordinarily generates an annual effective tax rate that is less than the statutory rate of 21% primarily due to benefits resulting from certain partnership investments, excludable dividend income and tax-exempt income on

BOLI. The following table presents a reconciliation of the statutory tax rate to the consolidated effective tax rate for the years ended March 31:

	2026		2025	
$ in thousands	**Amount**	**Percent**	**Amount**	**Percent**
U.S. federal statutory income tax	$ (1,437)	21.0 %	$ (2,886)	21.0 %
Change in valuation allowance	1,404	(20.5)	2,919	(21.2)
Nontaxable or nondeductible items				
Bank owned life insurance	(35)	0.5	(37)	0.3
Other adjustments	68	(1.0)	4	(0.1)
Total income tax expense	$ —	— %	$ —	— %

Tax effects of existing temporary differences that give rise to significant portions of deferred tax assets and deferred tax liabilities are included in other assets at March 31 as follows:

$ in thousands	**2026**	**2025**
Deferred Tax Assets:		
Allowance for credit losses	$ 2,086	$ 2,145
Other employee benefits	2	—
Federal net operating loss carryforward	11,659	13,460
State and local net operating loss carryforward	14,332	10,892
New markets tax credit	3,434	3,434
Unrealized loss on available-for-sale securities	3,703	2,510
Operating lease liability	2,105	3,011
Other	780	557
Total Deferred Tax Assets	38,101	36,009
Deferred Tax Liabilities:		
Depreciation	(146)	355
Right-of-use assets	1,937	2,799
Other	—	2
Total Deferred Tax Liabilities	1,791	3,156
Deferred Tax Assets, net	36,310	32,853
Valuation Allowance	(36,310)	(32,853)
Deferred Tax Assets, net of valuation allowance	$ —	$ —

At March 31, 2026, the Company had net operating loss carryforwards for federal purposes of approximately $69.8 million, for state purposes of approximately $94.7 million and for city purposes of approximately $81.3 million which are available to offset future federal, state and city income and which expire over varying periods from March 2032 through March 2046. Federal net operating loss carryforwards of $41.4 million do not expire, as such losses were incurred after the enactment of the Tax Cuts and Jobs Act, which provides for an unlimited loss carryforward period.

The Company has no uncertain tax positions. The Company and its subsidiaries are subject to federal, New York State and New York City income taxation. The Company is no longer subject to examination by taxing authorities for years before March 31, 2020. A tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination; with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded. The Company has no unrecognized tax benefits at March 31, 2026 and 2025.

NOTE 11. LOSS PER COMMON SHARE

The following table reconciles the loss attributable to common shareholders (numerator) and the weighted average common stock outstanding (denominator) for basic and diluted loss per share for the years ended March 31:

$ in thousands except per share data	**2026**	**2025**
Net loss attributable to Carver Bancorp, Inc.	$ (6,845)	$ (13,744)
Weighted average common shares outstanding – basic	5,305,878	5,183,492
Weighted average common shares outstanding – diluted	5,305,878	5,183,492
Basic loss per common share	$ (1.29)	$ (2.65)
Diluted loss per common share	$ (1.29)	$ (2.65)

For the years ended March 31, 2026 and 2025, all restricted shares and outstanding stock options were anti-dilutive. For details of restricted shares and stock options, please refer to Note 14. "Employee Benefit and Stock Compensation Plans."

NOTE 12. STOCKHOLDERS' EQUITY

As of March 31, 2026, there were 5,830,551 shares of Company common stock outstanding.

Series D Preferred Stock ranks senior to the Common Stock. The holders of Series D Preferred Stock are entitled to receive dividends, on an as-converted basis, simultaneously to the payment of any dividends on the Company's common stock. Dividends on the Series D Preferred Stock are not cumulative. If the Company's board of directors does not declare a dividend with respect to any dividend period, the holders of the Series D Preferred Stock will have no right to receive any dividend for that period. The Company may not declare, pay, or set apart for payment any dividend or make any distribution on common stock, unless at the time of such dividend or distribution the Company simultaneously pays a non-cumulative dividend or makes a distribution on each outstanding share of Series D Preferred Stock on an as-converted basis. The holders of Series D preferred Stock are generally not entitled to vote, except with respect to amendments to the Company's certificate of incorporation that would change the rights and preferences of the Series D Preferred Stock, the creation or increase of any class of securities senior to the Series D Preferred Stock, the consummation of certain mergers, consolidations or other transactions where the holders of the Series D Preferred Stock are not converted into or exchanged for preference securities of the surviving entity, and as otherwise required by applicable law.

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The Series D Preferred Stock shall automatically convert into shares of Common Stock only upon the following transfers to third parties (“Eligible Transfers”):

- a transfer in a widespread public distribution;
- a transfer in which no transferee (together with its affiliates and other transferees acting in concert with it) acquires more than 2% of the Company’s common stock or any other class or series of the Company’s voting stock; or
- a transfer to a transferee that (together with its affiliates and other transferees acting in concert with it) owns or controls more than 50% of the Company’s common stock, without regard to the transfer.

The conversion price of the Series D Preferred Stock is $8.1765 and is subject to adjustment in the event of stock splits, subdivisions or combinations, dividends and distributions, issuance of certain rights, spin-offs, self-tenders and exchange offers as set forth under the agreement. The Series D Preferred Stock is not convertible at the option of the holders. As of March 31, 2026, there were 9,557 shares of Series D Preferred Stock outstanding.

Series E Preferred Stock is perpetual and has no maturity date. The Company may redeem the shares of Series E Preferred Stock, in whole or in part, on any date on or after February 1, 2026. The holders of Series E Preferred Stock will be entitled to receive, if declared by the Company's board of directors, noncumulative cash dividends on each date that dividends or other distributions are payable. The holders of the Series E Preferred Stock will not have voting rights except for any vote required by law or by the Company's Certificate of Incorporation, or for effecting or validating: (i) any increase or decrease in the authorized number of shares of Series E Preferred Stock or issuance of shares of Series E Preferred Stock after the original issue date; (ii) any amendment, alteration or repeal of any provision of the Certificate of Incorporation or Bylaws of the Company that would adversely affect the voting powers, preferences, privileges or special rights of the Series E Preferred Stock; (iii) any amendment or alteration of the Certificate of Incorporation or Bylaws of the Company to authorize or create, or increase the authorized amount of any shares of any class or series or any securities convertible into shares of any class or series of capital stock of the Company ranking senior to Series E Preferred Stock in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of the Company; or (iv) a merger or consolidation of the Company with another entity (whether or not a corporation), unless in each case (A) the shares of Series E Preferred Stock remain outstanding and (B) such shares remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, and limitations and restrictions, and limitations and restrictions thereof as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers, and restrictions and limitations thereof, of the Series E Preferred Stock immediately prior to such consummation.

Series F Preferred Stock is perpetual and has no maturity date. The shares are not convertible. The Company may redeem the shares of Series F Preferred Stock, in whole or in part, on any date on or after February 16, 2026. The holders of Series F Preferred Stock will be entitled to receive, if declared by the Company's board of directors, noncumulative cash dividends on each date that dividends or other distributions are payable. The holders of the Series F Preferred Stock will not have voting rights except for any vote required by law or by the Company's Certificate of Incorporation, or for effecting or validating: (i) any amendment, alteration or repeal of any provision of the Certificate of Incorporation or Bylaws of the Company that would significantly and adversely affect the voting powers, preferences, privileges or special rights of the Series F Preferred Stock; (ii) any amendment or alteration of the Certificate of Incorporation or Bylaws of the Company to authorize or create, or increase the authorized amount of any shares of any class or series or any securities convertible into shares of any class or series of capital stock of the Company ranking senior to Series F Preferred Stock in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of the Company; or (iii) a merger or consolidation of the Company with another entity (whether or not a corporation), unless in each case (A) the shares of Series F Preferred Stock remain outstanding and (B) such shares remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers , and limitations and restrictions, and limitations and restrictions thereof as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers, and restrictions and limitations thereof, of the Series F Preferred Stock immediately prior to such consummation.

On November 25, 2024, the Company entered into investment purchase agreements with certain Company directors under which it issued and sold 116,766 shares of its common stock, par value $0.01, at a price of $1.67 per share. The shares were issued on November 25, 2024, in a private placement exempt from registration under Section 4(2) of the Securities Act of 1933, as amended. The offering resulted in gross proceeds of $0.2 million. There were no underwriting discounts or commissions.

On March 16, 2026, the Company entered into an agreement with institutional holders of its Trust Preferred Securities ("TruPS") in which $1,043,813 of interest obligations was forgiven in exchange for granting the TruPS holders 524,826 shares of common stock, par value $0.01 per share, at a market value of $1.50 per share. The Company recognized a gain of $256 thousand from the interest cancellation in Other Non-Interest Income in the consolidated statements of operations for the twelve months ended March 31, 2026.

The table below summarizes the changes in preferred and common stock issued and outstanding during the years ended March 31, 2026 and 2025.

	Preferred Stock Series D	Preferred Stock Series E	Preferred Stock Series F	Common Stock
Shares Authorized				10,000,000
Outstanding—March 31, 2024	9,557	3,177	9,000	5,140,872
Shares Issued	—	—	—	142.692
Outstanding—March 31, 2025	9,557	3,177	9,000	5,283,564
Shares Issued	—	—	—	546.987
Outstanding—March 31, 2026	9,557	3,177	9,000	5,830,551

Regulatory Capital. Banks and bank holding companies are subject to regulatory capital requirements administered by federal banking agencies. Failure to meet these various capital requirements can initiate actions by regulators that could have a direct material effect on the consolidated financial statements. Capital adequacy guidelines and prompt corrective action regulations involve quantitative measures of assets, liabilities, and certain off-balance sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators. Prompt corrective action regulations provide five classifications: well-capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as are asset growth and expansion, and capital restoration plans are required.

The operations and profitability of the Bank are significantly affected by legislation and the policies of the various regulatory agencies. Effective January 1, 2020, the federal banking agencies adopted a rule to establish for institutions with assets of less than $10 billion that meet other specified criteria, a "community bank leverage ratio" (the ratio of a bank's tangible equity capital to average total consolidated assets) of 9% that such institutions may elect to utilize in lieu of the generally applicable leverage and risk-based capital requirements. A "qualifying community bank" with capital exceeding 9% will be considered compliant with all applicable regulatory capital and leverage requirements, including the requirement to be “well capitalized.” For the current period, the Bank has elected to continue to utilize the generally applicable leverage and risk-based requirements and not apply the community bank leverage ratio.

Carver Federal, as a matter of prudent management, targets as its goal the maintenance of capital ratios which exceed these minimum requirements and that are consistent with Carver Federal's risk profile. In assessing an institution's capital adequacy, the OCC takes into consideration not only these numeric factors but also qualitative factors and has the authority to establish higher capital requirements for individual institutions where necessary. Carver was issued an Individual Minimum Capital Ratio ("IMCR") letter by the OCC, which requires the Bank to maintain minimum regulatory capital levels of 9% for its Tier 1 leverage ratio and 12% for its total risk-based capital ratio. At March 31, 2026, the Bank's capital level exceeded the "well capitalized" regulatory requirements but did not meet its IMCR requirements. The Tier 1 leverage ratio was 8.67%, common equity tier 1 and tier 1 risk-based capital ratios were 10.50%, and total risk-based capital ratio was 11.54% at March 31, 2026. The Bank is working on taking appropriate actions with the goal of achieving the IMCR targets.

The table below presents the Bank's regulatory capital ratios at March 31, 2026 and 2025.

	March 31, 2026		March 31, 2025	
$ in thousands	**Amount**	**Ratio**	**Amount**	**Ratio**
Tier 1 leverage capital				
Regulatory capital	$ 59,457	8.67 %	$ 64,252	8.70 %
Individual minimum capital requirement	61,735	9.00 %	66,486	9.00 %
Minimum capital requirement	27,438	4.00 %	29,549	4.00 %
Excess	32,019	4.67 %	34,703	4.70 %
Common equity Tier 1				
Regulatory capital	$ 59,457	10.50 %	$ 64,252	10.50 %
Minimum capital requirement	39,642	7.00 %	42,815	7.00 %
Excess	19,815	3.50 %	21,437	3.50 %
Tier 1 risk-based capital				
Regulatory capital	$ 59,457	10.50 %	$ 64,252	10.50 %
Minimum capital requirement	48,137	8.50 %	51,990	8.50 %
Excess	11,320	2.00 %	12,262	2.00 %
Total risk-based capital				
Regulatory capital	$ 65,350	11.54 %	$ 70,680	11.56 %
Individual minimum capital requirement	67,958	12.00 %	73,397	12.00 %
Minimum capital requirement	59,463	10.50 %	64,223	10.50 %
Excess	5,887	1.04 %	6,457	1.06 %

NOTE 13. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table presents changes in accumulated other comprehensive loss, net of tax for the years ended March 31, 2026 and 2025:

$ in thousands	**At March 31, 2025**	**Other Comprehensive Income, net of tax [(1)]**	**At March 31, 2026**
Net unrealized loss on securities available-for-sale	$ (11,953)	$ 1,012	$ (10,941)

$ in thousands	**At March 31, 2024**	**Other Comprehensive Loss, net of tax [(1)]**	**At March 31, 2025**
Net unrealized loss on securities available-for-sale	$ (12,705)	$ 752	$ (11,953)

[(1)] Tax expense of $0 due to full valuation allowance

There were no reclassifications out of accumulated other comprehensive loss to the consolidated statement of operations for the years ended March 31, 2026 and 2025.

NOTE 14. EMPLOYEE BENEFIT AND STOCK COMPENSATION PLANS

401(k) Savings Plan. Carver maintains a 401(k) savings plan ("401(k) Plan") for all eligible employees of the Bank who are 21 years of age or older. The Bank matches contributions to the 401(k) Plan equal to 100% of pre-tax contributions made by each employee up to a maximum of 4% of their pay, subject to IRS limitations. All such matching contributions are fully vested and non-forfeitable at all times regardless of the years of service with the Bank. Compensation expense recognized for the 401(k) matching contributions was $311 thousand and $305 thousand for the years ended March 31, 2026 and 2025, respectively.

Stock Compensation Plans. In September 2014, Carver stockholders approved the Carver Bancorp, Inc. 2014 Equity Incentive Plan (the "2014 Incentive Plan") which provided for the grant of stock options, stock appreciation rights and restricted stock to executive officers and directors who were selected to receive awards by the Compensation Committee (the "Committee"). The 2014 Incentive Plan authorized up to 250,000 shares.of Carver common stock to be issued pursuant to grants of restricted stock awards, restricted stock units, incentive stock options, and non-qualified stock options. The 2014 Incentive Plan expired during fiscal year 2025. However outstanding awards granted under the plan will remain outstanding and subject to the terms and conditions of the 2014 Incentive Plan. There were 2,667 and 6,267 options outstanding and exercisable under the 2014 Incentive Plan at March 31, 2026 and 2025, respectively. All options are exercisable immediately upon a participant's disability, death or change in control, as defined in the 2014 Incentive Plan, if the participant is employed on that date. If the participant is terminated (voluntary or involuntarily) from the Bank, all unvested shares are forfeited. Pursuant to the plan, the Bank recognized $26 thousand as expense in fiscal year 2025.

In December 2024, Carver stockholders approved the Carver Bancorp, Inc. 2024 Equity Incentive Plan (the "2024 Incentive Plan") which provides for discretionary option grants, stock appreciation rights and restricted stock to executive officers, employees and directors who are selected to receive awards by the Committee. The 2024 Incentive Plan authorizes Carver to grant awards up to a maximum of 350,000 shares of common stock. During fiscal year 2025, 58,139 restricted stock awards were issued. Pursuant to the plan, the Bank recognized $116 thousand and $8 thousand as expense for the years ended March 31, 2026 and 2025, respectively.

Information regarding nonvested shares of restricted stock awards outstanding for the years ended March 31 is as follows:

	2026		2025	
	Shares	**Weighted Average Grant Price**	**Shares**	**Weighted Average Grant Price**
Outstanding, beginning of year	105,139	$ 1.60	85,000	$ 3.06
Granted	—	—	58,139	1.72
Vested	(92,139)	1.65	(37,500)	1.81
Forfeited	(9,000)	1.21	(500)	1.21
Outstanding, end of year	4,000	$ 1.21	105,139	$ 1.60

Unrecognized compensation expense on unvested restricted shares at March 31, 2026 and 2025 totaled $2 thousand and $127 thousand, respectively, and will be recognized over the remaining weighted average period of 0.57 and 0.98 years, respectively. The vesting of the grants totaled $153 thousand and $66 thousand for fiscal years 2026 and 2025, respectively.

Information regarding stock options as of and for the years ended March 31 is as follows:

	2026		2025	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Outstanding, beginning of year	6,267	$ 5.27	6,267	$ 5.27
Expired	(3,600)	5.56	—	—
Outstanding, end of year	2,667	$ 5.27	6,267	$ 5.27
Exercisable, at year end	2,667		6,267	

Information regarding stock options as of March 31, 2026 is as follows:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Shares	Weighted Average Remaining Life	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
$ 3.00 $ 5.00	1,000	1.70	$ 3.48	1,000	$ 3.48
5.60 $ 5.99	1,667	4.33	5.70	1,667	5.70
Total	2,667			2,667	

As of March 31, 2026, there was no unrecognized compensation expense on unvested stock options. There were no stock options awarded to employees or directors during the year ended March 31, 2026. At March 31, 2026, all outstanding options had no intrinsic value.

NOTE 15. COMMITMENTS AND CONTINGENCIES

Credit Related Commitments. The Bank is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers and in connection with its overall investment strategy. These financial instruments primarily include lending obligations, such as commitments to originate mortgage and consumer loans and to fund unused lines of credit. These instruments involve, to varying degrees, elements of credit, interest rate, and liquidity risk in excess of the amount recognized in the statements of financial condition. These instruments are not recorded in the consolidated financial statements.

The Bank's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit is represented by the contractual amount of those instruments. The Bank uses the same credit policies in making commitments as it does for on-balance-sheet instruments.

The following table reflects the Bank's outstanding commitments as of March 31, 2026 and 2025:

$ in thousands	2026	2025
Commitments to fund mortgage loans	$ 35	$ —
Commitments to fund commercial and consumer loans	5,059	—
Lines of credit	3,347	3,208
Letters of credit	412	412
Commitment to fund equity investments	406	763
	$ 9,259	$ 4,383

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since some of these commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation of the counterparty.

The Company records an allowance for credit losses on off-balance sheet credit exposures, unless such commitments are unconditionally cancellable, through the provision for credit losses expense using CECL expected loss methodology. The allowance for credit losses on off-balance sheet credit exposures was $13 thousand and $11 thousand as of March 31, 2026 and 2025, respectively, and is included in Other Liabilities in the consolidated statements of financial condition.

Mortgage Representation & Warranty Liabilities

During the period 2004 through 2009, the Bank originated 1-4 family residential mortgage loans and sold the loans to the Federal National Mortgage Association ("FNMA"). The loans were sold to FNMA with the standard representations and warranties for loans sold to the Government Sponsored Entities (GSE's). The Bank may be required to repurchase these loans in the event of breaches of these representations and warranties. In the event of a purchase, the Bank is typically required to pay the unpaid principal balance as well as outstanding interest and fees. The Bank then recovers the loan or, if the loan has been foreclosed, the underlying collateral. The Bank is exposed to any losses on repurchased loans after giving effect to any recoveries on the collateral. The Bank has not received a request to repurchase any of these loans since the second quarter of fiscal 2015, and there have not been any additional requests from FNMA for loans to be reviewed. During the first quarter of fiscal year 2026, the Bank terminated its servicing agreement and transferred the portfolio to FNMA. The Bank remains responsible for the obligations that existed prior to the termination, including repurchasing and making FNMA whole with respect to mortgage loans that do not comply with the representations and warranties.

The following table presents information on open requests from FNMA. The amounts presented are based on outstanding loan principal balances.

$ in thousands	**Loans sold to FNMA**
Open claims as of March 31, 2025 (1)	$ 1,350
Gross new demands received	—
Loans repurchased/made whole	—
Demands rescinded	—
Advances on open claims	—
Principal payments received on open claims	—
Open claims as of March 31, 2026 (1)	$ 1,350

(1) The open claims include all open requests received by the Bank where either FNMA has requested loan files for review, where FNMA has not formally rescinded the repurchase request or where the Bank has not agreed to repurchase the loan. The amounts reflected in this table are the unpaid principal balance and do not incorporate any losses the Bank would incur upon the repurchase of these loans.

The table below summarizes changes in our representation and warranty reserves during fiscal 2026.

$ in thousands	**March 31, 2026**
Representation and warranty repurchase reserve, March 31, 2025 (1)	$ 80
Net adjustment to reserve for repurchase losses (2)	—
Representation and warranty repurchase reserve, March 31, 2026 (1)	$ 80

(1) Reported in consolidated statements of financial condition as a component of other liabilities.
(2) Component of other non-interest expense.

The Bank also has, in the normal course of business, commitments for services and supplies.

Legal Proceedings. From time to time, the Company and the Bank or one of its wholly-owned subsidiaries are parties to various legal proceedings incident to their business. At March 31, 2026, certain claims, suits, complaints and investigations (collectively "proceedings") involving the Company and the Bank or a subsidiary, arising in the ordinary course of business, have been filed or are pending. The Company is unable at this time to determine the ultimate outcome of each proceeding, but believes, after discussions with legal counsel representing the Company and the Bank or the subsidiary in these proceedings, that it has meritorious defenses to each proceeding and appropriate measures have been taken to defend the interests of the Company, Bank or subsidiary. As of March 31, 2026, we are not involved in any pending legal proceeding as a plaintiff or a defendant other than routine legal proceedings occurring in the ordinary course of business, and are not involved in any legal proceeding, the outcome of which management believes would be material to the financial condition or results of operations of the Company or the Bank.

NOTE 16. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants on the measurement date. Fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. Fair value measurements are categorized in a hierarchy of three levels of inputs:

Level 1— Quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2— Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3— Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

A financial instrument's categorization within this valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following tables present, by valuation hierarchy, assets measured at fair value on a recurring basis as of March 31, 2026 and 2025, and that are included in the Company's Consolidated Statements of Financial Condition at these dates:

	Fair Value Measurements at March 31, 2026, Using			
$ in thousands	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total Fair Value**
Mortgage servicing rights	$ —	$ —	$ —	$ —
Investment securities				
Available-for-sale:				
Mortgage-backed securities:				
Government National Mortgage Association	—	181	—	181
Federal Home Loan Mortgage Corporation	—	13,806	—	13,806
Federal National Mortgage Association	—	7,712	—	7,712
U.S. Government Agency securities	—	3,022	—	3,022
Corporate bonds	—	2,796	—	2,796
Muni securities	—	14,704	—	14,704
Total available-for-sale securities	—	42,221	—	42,221
Total assets	**$ —**	**$ 42,221**	**$ —**	**$ 42,221**

	Fair Value Measurements at March 31, 2025, Using			
$ in thousands	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total Fair Value**
Mortgage servicing rights	$ —	$ —	$ 130	$ 130
Investment securities				
Available-for-sale:				
Mortgage-backed securities:				
Government National Mortgage Association	—	209	—	209
Federal Home Loan Mortgage Corporation	—	14,762	—	14,762
Federal National Mortgage Association	—	8,101	—	8,101
U.S. Government Agency securities	—	4,310	—	4,310
Corporate bonds	—	2,820	—	2,820
Muni securities	—	14,320	—	14,320
Total available-for-sale securities	—	44,522	—	44,522
Total assets	**$ —**	**$ 44,522**	**$ 130**	**$ 44,652**

Instruments for which unobservable inputs are significant to their fair value measurement (i.e., Level 3) include mortgage servicing rights ("MSR"). Level 3 assets accounted for 0.02% of the Company's total assets measured at fair value at March 31, 2025. There were no Level 3 assets measured at fair value on a recurring basis as of March 31, 2026.

The Company reviews and updates the fair value hierarchy classifications on a quarterly basis. Changes from one quarter to the next that are related to the observable inputs to a fair value measurement may result in a reclassification from one hierarchy level to another.

Below is a description of the methods and significant assumptions used to estimate the fair value of available-for-sale securities and MSR:

If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows and are classified within Level 2 of the valuation hierarchy. These pricing models primarily use market-based or independently sourced market parameters as inputs, including, but not limited to, yield curves, interest rates, equity or debt prices, and credit spreads. In addition to market information, models also incorporate transaction details, such as maturity and cash flow assumptions. Level 2 securities include mortgage-related securities and corporate debt.

During the fiscal year ended March 31, 2026, there were no transfers of securities into or out of each level of the fair value hierarchy.

Quoted price information for MSRs is not available. MSRs are valued using market-standard models to model the specific cash flow structure. Key inputs to the model consist of principal balance of loans being serviced, servicing fees and discount and prepayment rates.

The methods described above may produce an estimated fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following tables include a rollforward of assets classified by the Company within Level 3 of the valuation hierarchy for the years ended March 31, 2026 and 2025:

$ in thousands	**Beginning balance, April 1, 2025**	**Total Realized/ Unrealized Gains/(Losses) Recorded in Income [1]**	**Issuances / (Settlements)**	**Transfers to/(from) Level 3**	**Ending balance, March 31, 2026**	**Change in Unrealized Gains/ (Losses) Related to Instruments Held at March 31, 2026**
Mortgage Servicing Rights	$ 130	$ (130)	$ —	$ —	$ —	$ —

$ in thousands	**Beginning balance, April 1, 2024**	**Total Realized/ Unrealized Gains/(Losses) Recorded in Income [1]**	**Issuances / (Settlements)**	**Transfers to/(from) Level 3**	**Ending balance, March 31, 2025**	**Change in Unrealized Gains/ (Losses) Related to Instruments Held at March 31, 2025**
Mortgage Servicing Rights	$ 140	$ (10)	$ —	$ —	$ 130	$ (9)

[1] Includes net servicing cash flows and the passage of time.

There were no Level 3 assets measured at fair value on a recurring basis as of March 31, 2026. For Level 3 assets measured at fair value on a recurring basis as of March 31, 2025, the significant unobservable inputs used in the fair value measurements were as follows:

$ in thousands	**Fair Value at March 31, 2025**	**Valuation Technique**	**Significant Unobservable Inputs**	**Range**	**Weighted Average**
Mortgage Servicing Rights	$ 130	Discounted Cash Flow	Constant Prepayment Rate [1]	3.0% to 9.8%	6.4 %
			Option Adjusted Spread ("OAS")	N/A	1000 basis points

[1] Represents annualized loan repayment rate assumptions (ZMUPT model)

Certain assets are measured at fair value on a non-recurring basis. Such instruments are subject to fair value adjustments under certain circumstances (e.g. when there is evidence of impairment). The following tables presents assets that were measured at fair value on a non-recurring basis as of March 31, 2026 and 2025, and that are included in the Company's Consolidated Statements of Financial Condition at these dates:

	Fair Value Measurements at March 31, 2026, Using			
$ in thousands	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total Fair Value**
Other real estate owned	$ —	$ —	$ 52	$ 52

	Fair Value Measurements at March 31, 2025, Using			
$ in thousands	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total Fair Value**
Other real estate owned	$ —	$ —	$ 52	$ 52

For Level 3 assets measured at fair value on a non-recurring basis as of March 31, 2026 and 2025, the significant unobservable inputs used in the fair value measurements were as follows:

$ in thousands	**Fair Value at March 31, 2026**	**Valuation Technique**	**Significant Unobservable Inputs**	**Significant Unobservable Input Value**
Other real estate owned	$ 52	Appraisal of collateral	Appraisal adjustments	7.5% cost to sell

$ in thousands	**Fair Value at March 31, 2025**	**Valuation Technique**	**Significant Unobservable Inputs**	**Significant Unobservable Input Value**
Other real estate owned	$ 52	Appraisal of collateral	Appraisal adjustments	7.5% cost to sell

The fair values of collateral dependent impaired loans are determined using various valuation techniques, including consideration of appraised values and other pertinent real estate market data.

Other real estate owned represents property acquired by the Bank in settlement of loans less costs to sell (i.e., through foreclosure, repossession or as an in-substance foreclosure). These assets are recorded at the lower of their cost or fair value. At the time of acquisition of the real estate owned, the real property value is adjusted to its current fair value. Any subsequent adjustments will be to the lower of cost or fair value. As of March 31, 2026 and 2025, the Company had loans with a carrying value of $9.7 million and $16.1 million, respectively, for which formal foreclosure proceedings were in process.

NOTE 17. FAIR VALUE OF FINANCIAL INSTRUMENTS

Disclosures regarding the fair value of financial instruments are required to include, in addition to the carrying value, the fair value of certain financial instruments, both assets and liabilities recorded on and off-balance sheet, for which it is practicable to estimate fair value. Accounting guidance defines financial instruments as cash, evidence of ownership of an entity, or a contract that conveys or imposes on an entity the contractual right or obligation to either receive or deliver cash or another financial instrument. In cases where quoted market prices are not available, estimated fair values have been determined using the best available data and valuation methodology appropriate for each such category of financial instruments. For loans and deposits with floating interest rates, estimated fair values generally approximate their recorded carrying value. The Bank's primary component of market risk is interest rate volatility. Fluctuations in interest rates will ultimately impact the Bank's fair value of all interest-earning assets and interest-bearing liabilities, other than those which are short-term in maturity.

The carrying amounts and estimated fair values of the Company's financial instruments at March 31 are as follows:

	March 31, 2026									
$ in thousands		Carrying Amount		Estimated Fair Value		Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)
Financial Assets:										
Cash and cash equivalents	$	46,263	$	46,263	$	46,263	$	—	$	—
Securities available-for-sale		42,221		42,221		—		42,221		—
Securities held-to-maturity		1,540		1,514		—		1,514		—
Loans receivable		556,657		553,352		—		—		553,352
Accrued interest receivable		3,192		3,192		—		3,192		—
Mortgage servicing rights		—		—		—		—		—
Financial Liabilities:										
Deposits	$	580,325	$	575,771	$	380,171	$	195,600	$	—
Advances from FHLB of New York		4,127		4,131		—		4,131		—
Other borrowed money		18,403		18,138		—		18,138		—
Accrued interest payable		882		882		—		882		—

	March 31, 2025									
$ in thousands		Carrying Amount		Estimated Fair Value		Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)
Financial Assets:										
Cash and cash equivalents	$	50,315	$	50,315	$	50,315	$	—	$	—
Securities available-for-sale		44,522		44,522		—		44,522		—
Securities held-to-maturity		1,750		1,698		—		1,698		—
Loans receivable		607,347		593,484		—		—		593,484
Accrued interest receivable		2,980		2,980		—		2,980		—
Mortgage servicing rights		130		130		—		—		130
Financial Liabilities:										
Deposits	$	661,837	$	658,537	$	406,948	$	251,589	$	—
Advances from FHLB of New York		1,814		1,817		—		1,817		—
Other borrowed money		18,403		17,900		—		17,900		—
Accrued interest payable		1,049		1,049		—		1,049		—

NOTE 18. VARIABLE INTEREST ENTITIES

Variable interest entities ("VIEs") are consolidated, as required, when Carver has a controlling financial interest in these entities and is deemed to be the primary beneficiary. Carver is normally deemed to have a controlling financial interest and be the primary beneficiary if it has both (a) the power to direct activities of a VIE that most significantly impact the entity's economic performance; and (b) the obligation to absorb losses of the entity that could benefit from the activities that could potentially be significant to the VIE.

The Company's subsidiary, Carver Statutory Trust I (the "Trust"), is not consolidated with Carver Bancorp, Inc. for financial reporting purposes. The Trust was formed in 2003 for the purpose of issuing $13 million aggregate liquidation amount of floating rate Capital Securities due September 17, 2033 ("Capital Securities") and $0.4 million of common securities (which are the only voting securities of the Trust), which are 100% owned by Carver Bancorp, Inc., and using the proceeds to acquire Junior Subordinated Debentures issued by Carver Bancorp, Inc. Carver Bancorp, Inc. has fully and unconditionally guaranteed the Capital Securities along with all obligations of the Trust under the trust agreement relating to the Capital Securities. The Company does not consolidate the accounts and related activity of Carver Statutory Trust I because it is not the primary beneficiary of the entity. At March 31, 2026, the Company's maximum exposure to the Trust is $13.4 million, which is the Company's liability to the Trust and includes the Company's investment in the Trust.

The Company had no consolidated VIEs at March 31, 2026.

NOTE 19. REVENUE RECOGNITION

The Company records revenue from contracts with customers in accordance with Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* ("Topic 606"). Topic 606 does not apply to revenue associated with financial instruments, including interest income on loans and securities. In addition, certain non-interest income streams such as gains on sales of residential mortgage and SBA loans, income associated with servicing assets, and loan fees, including residential mortgage originations to be sold and prepayment and late fees charged across all loan categories are not in scope of the guidance. Topic 606 is applicable to non-interest revenue streams, such as depository fees, service charges, and commission revenues. The Company generally fully satisfies its performance obligations on its contracts with customers as services are rendered and the transaction prices are typically fixed, charged either on a periodic basis or based on activity. Because performance obligations are satisfied as services are rendered and the transaction prices are fixed, there is little judgment involved in applying Topic 606 that significantly affects the determination of the amount and timing of revenue from contracts with customers. Non-interest revenue streams in-scope of Topic 606 are discussed below.

Depository fees and charges

Depository fees and charges primarily relate to service fees on deposit accounts and fees earned from debit cards and check cashing transactions. Service fees on deposit accounts consist of ATM fees, NSF fees, account maintenance charges, and other deposit related fees. The fees are recognized as revenue over the period the related service is provided, or as incurred for transaction-based fees in accordance with the fee schedules for the Bank's deposit products and services. The payment for these services are received at the time the services are provided or when customer transactions take place.

Loan fees and service charges

Loan fees and service charges primarily relate to program management fees and fees earned in accordance with the Bank's standard lending fees (such as inspection and late charges). The payments are received when such services are provided and these standard lending fees are recognized as revenue over the period the related service is provided.

Other non-interest income

Other non-interest income includes revenue from the Bank's participation in JPMorgan Chase's Empowering Change program, and income associated with an advertising services agreement covering marketing and use of the Bank's office space with a third party. The payments are typically received monthly and the revenue is recognized over the period the related service is provided and collected in accordance with the agreements.

Interchange income

The Company earns interchange fees from debit card holder transactions conducted through various payment networks. Interchange fees from cardholder transactions are recognized daily, concurrently with the transaction processing services provided by an outsource technology solution and are presented on a net basis.

The following table presents non-interest income, segregated by revenue streams in-scope and out-of-scope of Topic 606, for the years ended March 31, 2026 and 2025:

	Years Ended March 31,	
$ in thousands	**2026**	**2025**
Non-interest income		
In-scope of Topic 606		
Depository fees and charges	$ 2,646	$ 2,383
Loan fees and service charges	1,100	191
Other non-interest income	1,021	429
Non-interest income (in-scope of Topic 606)	4,767	3,003
Non-interest income (out-of-scope of Topic 606)	1,540	83
Total non-interest income	$ 6,307	$ 3,086

The following table sets forth other non-interest income and expense totals exceeding 1% of the aggregate of total interest income and non-interest income for the years ended March 31, 2026 and 2025:

	Years Ended March 31,	
$ in thousands	**2026**	**2025**
Other non-interest income:		
Empowering Change program fees	$ 984	$ 394
MSR valuation	(130)	(10)
Other	1,114	192
Total non-interest income	$ 1,968	$ 576
Other non-interest expense:		
Advertising	$ 111	$ 499
Legal expense	698	758
Insurance and surety	898	989
Audit expense	556	650
Data lines / internet	407	427
Security services	51	506
Retail expenses	1,189	999
Other	3,365	3,577
Total non-interest expense	$ 7,275	$ 8,405

NOTE 20. CARVER BANCORP, INC. - PARENT COMPANY ONLY

CONDENSED STATEMENTS OF FINANCIAL CONDITION

$ in thousands	As of March 31, 2026	2025
Assets		
Cash on deposit with subsidiaries	$ 494	$ 837
Investment in subsidiaries	48,919	52,701
Other assets	923	556
Total assets	$ 50,336	$ 54,094
Liabilities and Stockholders' Equity		
Borrowings	$ 18,403	$ 18,403
Accounts payable to subsidiaries	6,579	5,731
Other liabilities	669	382
Total liabilities	25,651	24,516
Stockholders’ equity	24,685	29,578
Total liabilities and stockholders’ equity	$ 50,336	$ 54,094

CONDENSED STATEMENTS OF OPERATIONS

$ in thousands	Years Ended March 31, 2026	2025
Income		
Equity in net loss from subsidiaries	$ (4,794)	$ (9,888)
Other income	319	91
Total loss	(4,475)	(9,797)
Expense		
Interest expense on borrowings	1,109	1,199
Salaries and employee benefits	116	1,313
Shareholder expense	195	318
Other	950	1,117
Total expense	2,370	3,947
Net loss	$ (6,845)	$ (13,744)

CONDENSED STATEMENTS OF CASH FLOW

	Years Ended March 31,	
$ in thousands	**2026**	**2025**
Cash Flows From Operating Activities		
Net loss	$ (6,845)	$ (13,744)
Adjustments to reconcile net loss to net cash from operating activities:		
Equity in net loss from subsidiaries	4,794	9,888
Restricted stock vesting	153	66
(Increase) decrease in other assets	(9)	96
Increase in accounts payable to subsidiaries	848	2,431
Increase in other liabilities	287	229
Net cash used in operating activities	(772)	(1,034)
Cash Flows From Investing Activities		
Capital contribution	—	(1,000)
(Increase) decrease in equity investment	(358)	189
Net cash used in investing activities	(358)	(811)
Cash Flows From Financing Activities		
Issuance of common stock	787	195
Net cash provided by financing activities	787	195
Net (decrease) increase in cash	(343)	(1,650)
Cash and cash equivalents – beginning	837	2,487
Cash and cash equivalents – ending	$ 494	$ 837