Management's Discussion and Analysis of Financial Condition and Results of Operations

Comparison of Financial Condition at December 31, 2024 and December 31, 2023

Total Assets. Total assets decreased $37.3 million, or 8.8%, to $387.1 million at December 31, 2024 from $424.5 million at December 31, 2023. The decrease resulted primarily from decreases in net loans of $26.0 million, investment securities available-for-sale of $6.9 million, interest-earning time deposits in banks of $3.8 million, and cash and cash equivalents of $2.2 million, partially offset by an increase in pension plan assets of $3.0 million.

Net Loans. Net loans decreased $26.0 million, or 7.8%, to $307.5 million at December 31, 2024 from $333.5 million at December 31, 2023 which is attributable to the Company's strategic decision to reduce its asset size. The decrease resulted primarily from decreases in commercial business loans of $6.5 million, or 34.6%, automobile loans of $6.3 million, or 27.9%, manufactured home loans of $4.6 million, or 9.4%, recreational vehicle loans of $3.6 million, or 15.5%, one- to four-family residential real estate loans of $1.5 million, or 0.9%, other consumer loans of $1.2 million, or 12.5%, and nonresidential loans of $1.2 million, or 8.0%, partially offset by an increase in home equity loans and lines of credit of $1.6 million, or 12.0%. Net deferred loan costs decreased $2.9 million, or 18.7%, during the year ended December 31, 2024, representing primarily fees paid for purchased loans which are amortized over the estimated loan lives. At December 31, 2024, we had outstanding commitments to originate loans of $486,000 and unfunded lines of credit of $13.5 million. We anticipate that we will have sufficient funds available to meet our current lending commitments.

Consistent with our business strategy, we intend to continue purchases of one-to four-family residential real estate loans, and to continue to purchase to a lesser extent, automobile loans. During the year ended December 31, 2024, we purchased $12.1 million of one-to four-family residential real estate loans and $3.3 million of automobile loans. Additionally, we have discontinued purchases of recreational vehicles and do not expect to purchase these types of loans in the future.

Investment Securities. Securities available-for-sale decreased $6.9 million, or 22.1%, to $24.4 million at December 31, 2024 from $31.3 million at December 31, 2023. The decrease in securities available-for-sale resulted from maturities and principal repayments of $5.6 million, proceeds from sales of $1.1 million, and a decrease in fair market value of $114,000.

Interest-Earning Time Deposits in Banks. Interest-earning time deposits in banks decreased $3.8 million, or 86.2%, to $600,000 at December 31, 2024 from $4.4 million at December 31, 2023. Cash from time deposit maturities was used to decrease the reliance on wholesale funding sources.

Cash and Cash Equivalents. Cash and cash equivalents decreased $2.2 million, or 14.9%, to $12.4 million at December 31, 2024 from $14.5 million at December 31, 2023 as a result of decreases in total deposits and long-term borrowings.

Pension Plan Assets. Pension plan assets increased $3.0 million, or 23.4%, to $16.1 million at December 31, 2024 from $13.0 million at December 31, 2023. The increase resulted from actual returns on pension assets of $4.3 million, partially offset by benefits paid of $641,000 and interest costs of $614,000.

Deposits. Deposits decreased $31.1 million, or 8.7%, to $326.5 million at December 31, 2024 from $357.6 million at December 31, 2023. Interest-bearing accounts decreased $28.0 million, or 9.1%, to $278.1 million at December 31, 2024 from $306.1 million at December 31, 2023. The largest decrease in interest-bearing deposits was in certificates of deposit which decreased $25.3 million, or 14.8%, to $146.0 million at December 31, 2024 from $171.3 million at December 31, 2023. Certificates of deposit that are scheduled to mature in one year or less from December 31, 2024 totaled $134.5 million. Money market accounts decreased $1.6 million, or 8.4%, to $17.5 million at December 31, 2024 from $19.2 million at December 31, 2023. Savings accounts decreased $1.5 million, or 1.8%, to $79.0 million at December 31, 2024 from $80.5 million at December 31, 2023. Interest-bearing checking accounts increased $473,000, or 1.3%, to $35.6 million at December 31, 2024 from $35.1 million at December 31, 2023. Noninterest-bearing deposits decreased $3.2 million, or 6.2%, to $48.3 million at December 31, 2024 from $51.5 million at December 31, 2023. We may utilize Federal Home Loan Bank advances in place of the maturing time deposits.

Municipal deposits held at Generations Commercial Bank decreased $239,000, or 2.6%, to $9.0 million at December 31, 2024 from $9.2 million at December 31, 2023.

Federal Home Loan Bank Advances. Federal Home Loan Bank advances decreased $3.7 million, or 15.6%, to $19.9 million at December 31, 2024 from $23.6 million at December 31, 2023 as a result of repayments. The average cost of outstanding advances from the Federal Home Loan Bank was 4.22% at December 31, 2024, as compared to our weighted average rate on deposits of 3.12% at that date.

Total Equity. Total equity decreased $2.3 million, or 6.1%, to $35.4 million at December 31, 2024 from $37.7 million at December 31, 2023. The decrease was primarily due to a net loss of $4.8 million, partially offset by a decrease in accumulated other comprehensive loss of $1.8 million as a result of an increase in the fair market value of our pension plans.

Comparison of Operating Results for the Years Ended December 31, 2024 and December 31, 2023

General. Net loss for the year ended December 31, 2024 was $4.8 million, as compared to $1.6 million for the year ended December 31, 2023, an increase of $3.2 million, or 204.7%. The increase was primarily attributable to a $1.6 million decrease in net interest income, a $1.3 million decrease in noninterest income, a $480,000 increase in income tax expense, and a $274,000 increase in provision for credit losses, partially offset by a $411,000 decrease in noninterest expense.

Interest and Dividend Income. Interest and dividend income increased $811,000, or 5.0%, to $17.1 million for the year ended December 31, 2024 from $16.3 million for the year ended December 31, 2023. The increase was primarily attributable to an increase of $942,000 in interest on loans receivable and an increase of $140,000 in interest-earning deposits, partially offset by a decrease of $295,000 in interest on investment securities. The average balance of loans increased $4.1 million, or 1.3%, to $322.5 million for the year ended December 31, 2024 from $318.4 million for the year ended December 31, 2023. The average yield on loans increased 24 basis points to 4.78% for the year ended December 31, 2024 from 4.54% for the year ended December 31, 2023, reflecting an increase in higher-yielding loans year over year. The average balance of interest-earning deposits increased $3.2 million, or 50.4%, to $9.5 million for the year ended December 31, 2024 from $6.3 million for the year ended December 31, 2023. The average balance of investment securities decreased $4.7 million, or 14.2%, to $28.5 million for the year ended December 31, 2024 from $33.3 million for the year ended December 31, 2023. The average yield on investment securities decreased 31 basis points to 4.04% for the year ended December 31, 2024 from 4.35% for the year ended December 31, 2023 due to calls and maturities in 2024.

Interest Expense. Interest expense increased $2.4 million, or 31.6%, to $10.0 million for the year ended December 31, 2024 from $7.6 million for the year ended December 31, 2023. Interest expense on deposits increased $2.2 million, or 31.8%, to $9.0 million for the year ended December 31, 2024 from $6.8 million for the year ended December 31, 2023, primarily due to an increase in interest expense on certificates of deposit of $1.7 million. The increase was attributable to an increase of $8.3 million, or 5.7%, in the average balance of certificate of deposit accounts to $153.6 million for the year ended December 31, 2024 from $145.4 million for the year ended December 31, 2023, in addition to an increase in the average cost of 87 basis points to 4.83% for the year ended December 31, 2024 as compared to 3.96% for the year ended December 31, 2023. Borrowing expense increased $234,000, or 29.9%, to $1.0 million for the year ended December 31, 2024 from $783,000 for the year ended December 31, 2023, as a result of an increase in the average cost of borrowings of 47 basis points to 4.22% for the year ended December 31, 2024 as compared to 3.75% for the year ended December 31, 2023. The average balance of borrowings increased $3.2 million, or 15.6%, to $24.1 million for the year ended December 31, 2024 from $20.9 million for the year ended December 31, 2023.

Net Interest Income. Net interest income decreased $1.6 million, or 18.1%, to $7.2 million for the year ended December 31, 2024 from $8.7 million for the year ended December 31, 2023. Our net interest rate spread decreased 54 basis points to 1.53% for the year ended December 31, 2024 from 2.07% for the year ended December 31, 2023. Our net interest margin decreased 45 basis points to 1.98% for the year ended December 31, 2024 from 2.43% for the year ended December 31, 2023. Net interest rate spread and net interest margin were affected primarily by the increase in the cost of our interest-bearing liabilities when comparing 2024 and 2023.

Provision for Credit Losses. Based on management's analysis of the allowance for credit losses described in Note 2(g) of our consolidated financial statements "Summary of Significant Accounting Policies – Allowance for Credit Losses," we recorded a provision for credit losses of $1.2 million for the year ended December 31, 2024 and a provision for loan losses of $927,000 for the year ended December 31, 2023. The increased provision for credit losses in 2024 was primarily due to higher loss rates in the automobile and recreational vehicle portfolios.

Noninterest Income. Noninterest income decreased $1.3 million, or 43.0%, to $1.7 million for the year ended December 31, 2024 from $3.0 million for the year ended December 31, 2023. The decreases were primarily due to death benefit proceeds of $733,000 received from the surrender of a bank-owned life insurance policy and a net gain of $312,000 recognized from the sale of Generations Agency's book of business both recorded during the year ended December 31, 2023, in addition to a decrease in insurance commissions. Insurance commissions decreased $154,000, or 98.7%, to $2,000 for the year ended December 31, 2024 from $156,000 for the year ended December 31, 2023 as a result of the sale of the book of business to Northwoods on June 1, 2023.

Noninterest Expense. Noninterest expense decreased $411,000, or 3.2%, to $12.4 million for the year ended December 31, 2024 from $12.8 million for the year ended December 31, 2023. The decrease was primarily attributable to a decrease in compensation and benefits, offset in part by decreases in professional services, other expenses, and advertising. Compensation and benefits decreased $1.8 million, or 29.0%, to $4.3 million for the year ended December 31, 2024 from $6.1 million for the year ended December 31, 2023 primarily due to employment agreement expenses associated with the death of our former President and Chief Executive Officer, Menzo D. Case, in 2023 in addition to an increase in pension expense benefit. Professional services increased $1.0 million, or 136.0%, to $1.7 million for the year ended December 31, 2024 as compared to $740,000 for the year ended December 31, 2023 primarily as a result of legal and consulting fees for transaction-related expenses associated with Purchase and Assumption Agreement. Other expenses increased $206,000, or 14.5%, to $1.6 million for the year ended December 31, 2024 from $1.4 million for the year ended December 31, 2023 as a result of an increase in directors' fees related to changes in the market price of Generations Bancorp's stock held in the directors' retirement plan during 2024 as compared to 2023. Advertising increased $139,000, or 68.1%, to $343,000 for the year ended December 31, 2024 from $204,000 for the year ended December 31, 2023 due to increased activity when comparing 2024 to 2023.

Federal Income Taxes. Income tax expense increased $480,000, or 112.9%, to an expense of $55,000 for the year ended December 31, 2024 from a benefit of $425,000 for the year ended December 31, 2023, which resulted from the fluctuation of deferred tax liabilities prior to the determination of the need for a full valuation allowance during the fourth quarter of 2023. A full valuation allowance for its deferred tax assets remains in place as of December 31, 2024.

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Audit Committee
of Generations Bancorp NY, Inc.:

Opinion

We have audited the accompanying consolidated financial statements of Generations Bancorp NY, Inc. (the Company), which comprise the consolidated statements of financial condition as of December 31, 2024 and 2023, and the related consolidated statements of operations, comprehensive income (loss), changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Generations Bancorp NY, Inc. as of December 31, 2024 and 2023, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Generation Bancorp NY, Inc.'s ability to continue as a going concern within one year after the date that the 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 generally accepted auditing standards 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.

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(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with generally accepted auditing standards, 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 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 Generations Bancorp NY, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Generations Bancorp NY, Inc.'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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Management's Discussion and Analysis of Financial Condition and Results of Operations is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Bonadio & Co., LLP

March 27, 2025

Generations Bancorp NY, Inc.
Consolidated Statements of Financial Condition

(In thousands, except share data)	At December 31, 2024	At December 31, 2023
ASSETS:		
Cash and due from banks	$ 3,739	$ 3,991
Interest earning deposits	8,618	10,534
Total cash and cash equivalents	12,357	14,525
Interest-earning time deposits in banks	600	4,362
Investment securities available-for-sale, at fair value	24,386	31,302
Investment securities held-to-maturity (fair value 2024-$1,155, 2023-$1,226)	1,359	1,454
Equity investment securities, at fair value	425	361
Federal Home Loan Bank stock, at cost	1,420	1,588
Loans	310,238	336,455
Less: Allowance for credit losses	(2,786)	(2,973)
Loans receivable, net	307,452	333,482
Premises and equipment, net	13,332	14,195
Bank-owned life insurance	6,059	5,938
Pension plan asset	16,072	13,027
Foreclosed real estate	—	118
Intangible assets, net	589	654
Accrued interest receivable	1,708	1,611
Other assets	1,389	1,879
Total assets	$ 387,148	$ 424,496
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Deposits:		
Noninterest-bearing	$ 48,340	$ 51,528
Interest-bearing	278,121	306,078
Total deposits	326,461	357,606
Long-term borrowings	19,896	23,577
Advances from borrowers for taxes and insurance	2,876	2,931
Other liabilities	2,517	2,684
Total liabilities	351,750	386,798
Shareholders' equity:		
Preferred stock, par value $0.01; 1,000,000 shares authorized; none issued	—	—
Common stock, par value $0.01; 14,000,000 shares authorized in 2024 and 2023; 2,278,740 and 2,235,889 shares issued and outstanding at December 31, 2024 and 2023, respectively	23	22
Additional paid in capital	22,896	22,289
Retained earnings	16,225	21,000
Accumulated other comprehensive loss	(2,436)	(4,257)
Stock held in rabbi trust	(357)	(357)
Unearned ESOP shares, at cost	(953)	(999)
Total shareholders' equity	35,398	37,698
Total liabilities and shareholders' equity	$ 387,148	$ 424,496

The accompanying notes are an integral part of the consolidated financial statements.

Generations Bancorp NY, Inc.
Consolidated Statements of Operations

(In thousands, except per share data)	Year Ended December 31, 2024	Year Ended December 31, 2023
Interest and dividend income:		
Loans, including fees	$ 15,406	$ 14,464
Debt and equity securities:		
Taxable	703	1,040
Tax-exempt	449	407
Interest-earning deposits	414	274
Other	156	132
Total interest income	17,128	16,317
Interest expense:		
Deposits	8,953	6,794
Short-term borrowings	146	355
Long-term borrowings	871	428
Total interest expense	9,970	7,577
Net interest income	7,158	8,740
Provision for loan losses	1,207	927
Provision for unfunded commitments	—	6
Provision for available-for-sale securities	—	—
Total provision for credit losses	1,207	933
Net interest income after provision for credit losses	5,951	7,807
Noninterest income:		
Banking fees and service charges	1,354	1,426
Mortgage banking income, net	25	22
Insurance commissions	2	156
Earnings on bank-owned life insurance	121	62
Gain on death benefit proceeds from surrender of bank-owned life insurance	—	733
Change in fair value on equity securities	61	51
Net gain on sale of securities	10	—
Net gain on sale of Generations Agency	—	312
Other charges, commissions & fees	125	219
Total noninterest income	1,698	2,981
Noninterest expense:		
Compensation and benefits	4,318	6,081
Occupancy and equipment	1,936	2,012
Service charges	1,961	1,958
Regulatory assessments	436	362
Professional and other services	1,746	740
Advertising	343	204
Other expenses	1,629	1,423
Total noninterest expenses	12,369	12,780
Loss before income tax expense (benefit)	(4,720)	(1,992)
Income tax expense (benefit)	55	(425)
Net loss	$ (4,775)	$ (1,567)
Net loss available to common shareholders	$ (4,775)	$ (1,567)
Basic and diluted losses per common share	$ (2.21)	$ (0.72)

The accompanying notes are an integral part of the consolidated financial statements.

Generations Bancorp NY, Inc.
Consolidated Statements of Comprehensive (Loss) Income

(In thousands)	Year Ended December 31, 2024	2023
Net loss	$ (4,775)	$ (1,567)
Other comprehensive (loss) income, before tax:		
Unrealized (losses) gains on securities available-for-sale:		
Unrealized holding (losses) gains arising during the period	(124)	1,394
Reclassification adjustment for net gains included in net loss	10	—
Net unrealized (losses) gains on securities available-for-sale	(114)	1,394
Defined benefit pension plan:		
Net gains arising during the period	1,935	1,242
Reclassification of amortization of net losses recognized in net pension expense	—	161
Net change in defined benefit pension plan asset	1,935	1,403
Other comprehensive income, before tax	1,821	2,797
Tax effect	—	(587)
Other comprehensive income, net of tax	1,821	2,210
Total comprehensive (loss) income	$ (2,954)	$ 643

The accompanying notes are an integral part of the consolidated financial statements.

Generations Bancorp NY, Inc.
Consolidated Statements of Changes in Shareholders' Equity

(In thousands, except share data)	Common Stock	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Stock Held by Rabbi Trust	Unearned ESOP Shares	Total
Balance, December 31, 2023	$ 22	$ 22,289	$ 21,000	$ (4,257)	$ (357)	$ (999)	$ 37,698
Net loss	—	—	(4,775)	—	—	—	(4,775)
Other comprehensive income	—	—	—	1,821	—	—	1,821
Stock-based compensation	—	172	—	—	—	—	172
Stock options exercised	1	428	—	—	—	—	429
ESOP shares committed to be released	—	7	—	—	—	46	53
Balance, December 31, 2024	$ 23	$ 22,896	$ 16,225	$ (2,436)	$ (357)	$ (953)	$ 35,398

(In thousands, except share data)	Common Stock	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Stock Held by Rabbi Trust	Unearned ESOP Shares	Total
Balance, December 31, 2022	$ 24	$ 23,002	$ 22,512	$ (6,467)	$ (698)	$ (1,045)	$ 37,328
Net loss	—	—	(1,567)	—	—	—	(1,567)
Other comprehensive income	—	—	—	2,210	—	—	2,210
Effect of stock repurchase plan	(2)	(1,127)	55	—	—	—	(1,074)
Stock-based compensation	—	417	—	—	—	—	417
Purchase of common stock for Directors Retirement Plan	—	—	—	—	(10)	—	(10)
Purchase of common stock for SERPs	—	—	—	—	(31)	—	(31)
Distribution of common stock from Directors Retirement Plan	—	—	—	—	37	—	37
Distribution of common stock from SERP	—	—	—	—	345	—	345
ESOP shares committed to be released	—	(3)	—	—	—	46	43
Balance, December 31, 2023	$ 22	$ 22,289	$ 21,000	$ (4,257)	$ (357)	$ (999)	$ 37,698

The accompanying notes are an integral part of the consolidated financial statements.

Generations Bancorp NY, Inc.
Consolidated Statements of Cash Flows

(In thousands)	Year Ended December 31, 2024	2023
OPERATING ACTIVITIES		
Net loss	$ (4,775)	$ (1,567)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Provision for credit losses	1,207	933
Deferred income tax benefit	—	(444)
Realized gains on sales of:		
Available-for-sale investment securities	(10)	—
Change in fair value on equity securities	(61)	(51)
Dividend reinvestment in equity securities	(3)	(3)
Write-down of other real estate owned to fair value	20	—
Depreciation	871	954
Amortization of intangible asset	65	64
Amortization of fair value adjustment to purchased loan portfolio	(69)	(69)
ESOP expense	53	43
Stock-based compensation	172	417
Stock options exercised	429	—
Amortization of deferred loan costs	2,031	2,113
Earnings on bank-owned life insurance	(121)	(62)
Gain on death benefit proceeds from surrender of bank-owned life insurance premium	—	(733)
Change in pension plan assets	(3,045)	(1,188)
Extinguishment of goodwill	—	792
Net amortization of premiums and discounts on investment securities	65	57
Net change in accrued interest receivable	(97)	(307)
Net change in other assets and liabilities	2,203	1,088
Net cash (used in) provided by operating activities	(1,065)	2,037
INVESTING ACTIVITIES		
Purchase of investment securities available-for-sale	—	(2,238)
Net change in interest-earning time deposits in banks	3,762	(4,362)
Net proceeds from the redemption of Federal Home Loan Bank stock	168	152
Proceeds from maturities and principal reductions of:		
Available-for-sale investment securities	5,616	5,326
Held-to-maturity investment securities	93	131
Proceeds from sale of:		
Available-for-sale investment securities	1,133	—
Real estate and repossessed assets acquired	147	265
Premises and equipment	42	81
Proceeds from bank-owned life insurance premium	—	2,208
Net change in loans	22,812	(32,950)
Purchase of premises and equipment	(50)	(367)
Net cash provided by (used in) investing activities	33,723	(31,754)
FINANCING ACTIVITIES		
Net change in demand deposits, savings accounts, and money market accounts	(5,811)	(25,523)
Net change in time deposits	(25,334)	65,451
Net change in short-term borrowings	—	(16,200)
Payments on long-term borrowings	(3,681)	(4,757)
Proceeds from long-term borrowings	—	18,000
Purchase of common stock for directors retirement plan	—	(10)
Purchase of common stock of SERP	—	(31)
Distribution of common stock from Directors Retirement Plan	—	37
Distribution of common stock from SERP	—	345
Effect of stock repurchase plan	—	(1,074)
Net cash (used in) provided by financing activities	(34,826)	36,238
Net change in cash and cash equivalents	(2,168)	6,521
Cash and cash equivalents at beginning of period	14,525	8,004
Cash and cash equivalents at end of period	$ 12,357	$ 14,525
Supplemental Cash Flows Information		
Cash paid during the period for:		
Interest	$ 10,481	$ 7,101
Transfer of loans to foreclosed real estate and repossessed assets	49	371

The accompanying notes are an integral part of the consolidated financial statements.

1. Organization and Nature of Operations

Generations Bancorp NY, Inc. ("Generations Bancorp") is a Maryland corporation that was organized in August 2020 as part of the Seneca-Cayuga Bancorp, Inc. ("Seneca-Cayuga") conversion from the mutual holding company structure to a fully public stock holding company structure. Prior to the conversion, Generations Bank was the wholly-owned subsidiary of Seneca-Cayuga, and The Seneca Falls Savings Bank, MHC ("MHC") owned 60.1% of Seneca-Cayuga's common stock. On January 13, 2021, Generations Bancorp sold 1,477,575 of its common stock in a stock offering, (which included 109,450 shares issued to the ESOP) representing the ownership interest of the MHC for gross proceeds of $14.8 million and net proceeds of $13.2 million. The exchange ratio of previously held shares by public shareholders (i.e., shareholders other than the MHC) of Seneca-Cayuga was 0.9980 as applied in the conversion offering. References herein to the "Company" include Generations Bancorp subsequent to the completion of the conversion and Seneca-Cayuga prior to the completion of the conversion.

In connection with the conversion and in accordance with applicable federal bank regulations, at the time of the conversion, the Company and the Bank established liquidation accounts which are maintained for the benefit of eligible account holders of the Bank who continue to maintain their accounts at the Bank after the conversion. The liquidation accounts are reduced annually to the extent that eligible holders have reduced their qualifying deposits. Subsequent increases do not restore an eligible account holder's interest in the liquidation account. In the event of a complete liquidation by the Bank, and only in such event, each eligible account holder will be entitled to receive a distribution from the liquidation account in an amount proportionate to the adjusted qualifying account balances then held. The Bank may not pay dividends if those dividends would reduce equity capital below the required liquidation account amount.

Generations Bank (the "Bank") is a federal savings bank headquartered in Seneca Falls, New York. We were organized in 1870 and have operated continuously since that time in the northern Finger Lakes Region of New York State which is located in the central to northwestern portion of New York State.

Generations Commercial Bank (the "Commercial Bank") is a New York State chartered limited-purpose commercial bank formed expressly to enable local municipalities to deposit public funds with the Bank in accordance with existing NYS municipal law and is a wholly owned subsidiary of the Bank.

The Bank maintains its executive offices and main retail location in Seneca Falls, New York, with retail offices in Waterloo, Geneva, Auburn, Union Springs, Phelps, Farmington, and Medina, New York. The Bank is a community-oriented savings institution whose business primarily consists of accepting deposits from customers within its market area and investing those funds in loans secured by one- to four-family residential real estate, commercial real estate, business or personal assets, and in investment securities.

In addition, Generations Agency, Inc. (the "Agency") offers personal and commercial insurance products through licensed employees in the same market area. The Agency is the Bank's wholly-owned subsidiary. The Agency's book of business was purchased by The Northwoods Corporation on June 1, 2023. Further detail regarding the treatment of goodwill is included in Note 10.

On September 24, 2024, the Company and Bank announced that ESL Federal Credit Union ("ESL"), the Company, and the Bank signed a definitive purchase and assumption agreement whereby ESL will acquire substantially all the assets and assume substantially all the liabilities (including all the deposit account liabilities) of the Bank in an all-cash transaction (the "P&A Transaction"). As consideration for the P&A Transaction, ESL will pay the Bank $26.2 million in cash and the Bank will retain its equity at the effective time of the P&A Transaction, less certain reductions and additions.

Following the completion of the P&A Transaction and after all the respective obligations of the Company and the Bank (including settlement of the liquidation accounts maintained by the Company and the Bank) are settled or otherwise accounted for, the Bank will liquidate and distribute its remaining assets to the Company (the "liquidation") and then the Company will dissolve and distribute its remaining assets to its shareholders (the "dissolution").

The P&A Transaction and the dissolution of the Company were each approved by the Company's shareholders at a Special Meeting of Shareholders held on February 20, 2025. Subject to all customary closing conditions and receiving the required regulatory approvals, the Company and Bank expect the P&A Transaction to close in the late second quarter or third quarter of 2025.

2. Summary of Significant Accounting Policies

a. Principles of Consolidation and Basis of Presentation

The consolidated financial statements include the accounts of the Holding Company, the Bank, the Commercial Bank, and the Agency. The consolidated entity is referred to as the "Company" in the following notes to the consolidated financial statements. All significant intercompany balances and transactions have been eliminated in consolidation.

b. Use of Estimates

The preparation of consolidated financial statements, in accordance with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management has identified the allowance for credit losses, deferred income taxes, pension obligations, and the evaluation of investment securities for the presence of credit-related and non-credit-related losses to be the accounting areas that require the most subjective and complex judgments, and as such, could be the most subject to revision as new information becomes available.

The Company is subject to the regulations of various governmental agencies. The Company also undergoes periodic examinations by the regulatory agencies, which may subject it to further changes with respect to asset valuations, amounts of required loss allowances, and operating restrictions resulting from the regulators' judgments based on information available to them at the time of their examinations.

c. Cash and Cash Equivalents

Cash and cash equivalents include cash, amounts due from banks, including interest-bearing demand deposits, and items in the process of collection. The Company considers all liquid investments with original maturities of three months or less to be cash equivalents.

d. Securities

The Company reports debt securities in one of the following categories:

(i) "held-to-maturity" which management has the positive intent and ability to hold debt securities to maturity. These securities are reported at amortized cost adjusted for the amortization of premiums and accretion of discounts; or

(ii) "available-for-sale" which includes all other debt securities and are reported at fair value, with unrealized gains and losses excluded from earnings and reported in accumulated other comprehensive income (loss).

The Company classifies its debt securities in one of these categories based upon determinations made at the time of purchase, and re-evaluates their classification each quarter-end.

Premiums and discounts on debt securities are amortized, or accreted, to interest income over the term of the security and adjusted for the effect of actual prepayments in the case of mortgage-backed securities. Gains and losses on the sales of securities are recognized in income when sold, using the specific identification method, on a trade date basis.

Equity securities are reported at fair value, with unrealized gains and losses included in earnings.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

Note 4 to the consolidated financial statements includes additional information about the Company's accounting policies with respect to the impairment of investment securities.

e. Federal Home Loan Bank of New York Stock

The Bank, as a member of the Federal Home Loan Bank ("FHLB") system, is required to maintain an investment in capital stock of the FHLB. Based on redemption provisions of the FHLB, the stock has no quoted fair value and is carried at cost, which approximates fair value.

f. Loans Receivable

The Company grants residential mortgage, commercial, and consumer loans to customers, principally located in the Finger Lakes Region of New York State and extending north to Orleans County. Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are stated at their outstanding unpaid principal balances, less the allowance for credit losses, and plus net deferred loan origination costs. The ability of the Company's debtors to honor their contracts is dependent upon the real estate and general economic conditions in the market area.

Interest income is generally recognized when income is earned using the interest method. Nonrefundable loan fees received, and the related direct origination costs incurred, are deferred and amortized over the life of the loan using a method that approximates the interest method, resulting in a constant effective yield over the loan term. Deferred fees are recognized into income and deferred costs are charged to income immediately upon prepayment of the related loan.

The loans receivable portfolio is segmented into residential mortgage, commercial, and consumer loans. The residential mortgage segment consists of one- to four-family first-lien residential mortgages and construction loans. Commercial loans consist of the following classes: real estate secured by nonresidential property, real estate secured by multi-family residences, construction, and other commercial and industrial loans. Consumer loans include home equity (both installment loans and lines of credit), residential junior-lien loans, manufactured home loans, automobile, student, recreational vehicle, and other consumer loans.

g. Allowance for Credit Losses

On January 1, 2023, the Company adopted ASU 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at cost, including loan receivables and held-to-maturity debt securities, and some off-balance sheet credit exposures such as unfunded commitments to extend credit. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. In addition, CECL made changes to the accounting for available-for-sale debt securities. One such change is to require credit losses to be presented as an allowance rather than as a write-down on available-for-sale debt securities if management does not intend to sell and does not believe that it is more likely than not, they will be required to sell. The Company adopted ASC 326 and all related subsequent amendments thereto effective January 1, 2023 using the modified retrospective approach for all financial assets measured at amortized cost and off-balance sheet credit exposures. The Company adopted ASC 326 using the prospective transition approach for debt securities for which other-than-temporary impairment had been recognized prior to January 1, 2023.

Management measures expected credit losses on held-to-maturity debt securities on a collective basis by major security type. Accrued interest receivable on held-to-maturity debt securities totaled \$20,000 and \$6,000 at December 31, 2024 and 2023, respectively, and were excluded from the estimate of credit losses. Management classifies the held-to-maturity portfolio into the following major security types: mortgage-backed securities or structured certificates of deposit. All the mortgage-backed securities held by the Company are issued by government-sponsored corporations. These securities are either explicitly or implicitly guaranteed by the U.S. government and have a long history of no credit losses. The structured certificates of deposit are all fully insured by the Federal Deposit Insurance Corporation as no one security exceeds the \$250,000 insurance limit. As a result, no allowance for credit losses was recorded on held-to-maturity debt securities at December 31, 2024 and 2023.

For available-for-sale securities, management evaluates all investments in an unrealized loss position on a quarterly basis, and more frequently when economic or market conditions warrant such evaluation. If the Company has the intent to sell the security or it is more likely than not that the Company will be required to sell the security, the security is written down to fair value and the entire loss is recorded in earnings. If either of the above criteria is not met, the Company evaluates whether the decline in fair value is the result of credit losses or other factors. In making the assessment, the Company may consider various factors including the extent to which fair value is less than amortized cost, performance on any underlying collateral, downgrades in the ratings of the security by a rating agency, the failure of the issuer to make scheduled interest or principal payments, and adverse conditions specifically related to the security. If the assessment indicates that a credit loss exists, the present value of cash flows expected to be collected are compared to the amortized cost basis of the security and any excess is recorded as an allowance for credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any amount of unrealized loss that has not been recorded through an allowance for credit loss is recognized in other comprehensive income. Changes in the allowance for credit loss are recorded as provision for (or reversal of) credit loss expense. Losses are charged against the allowance for credit loss when management believes an available-for-sale security is confirmed to be uncollectible or when either of the criteria regarding intent or requirement to sell is met. At December 31, 2024, there was no allowance for credit loss related to the available-for-sale portfolio. Accrued interest receivable on available-for-sale debt securities totaled $536,000 and $297,000 at December 31, 2024 and 2023, respectively and were excluded from the estimate of credit losses.

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at amortized cost. Amortized cost is the principal balance outstanding, net of purchase premiums and discounts and deferred fees and costs. Accrued interest receivable related to loans totaled $1.1 million and $1.2 million at December 31, 2024 and 2023, respectively, and were reported in accrued interest receivable on the consolidated balance sheets. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized in interest income using methods that approximate a level yield without anticipating prepayments. The accrual of interest is generally discounted when a loan becomes 90 days past due and is not well collateralized and in the process of collection, or when management believes, after considering economic and business conditions and collection efforts, that the principal or interest will not be collectible in the normal course of business. Past due status is based on contractual terms of the loan. A loan is considered to be past due when a scheduled payment has not been received 30 days after the contractual due date. All accrued interest is reversed against interest income when a loan is placed on nonaccrual status. Interest received on such loans is accounted for using the cost-recovery method, until qualifying for return to accrual. Under the cost-recovery method, interest income is not recognized until the loan balance is reduced to zero. Loans are returned to accrual status when all principal and interest amounts contractually due are brought current, there is a sustained period of repayment performance, and future payments are reasonably assured.

The allowance for credit losses is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged off against the allowance when management believes the uncollectibility of a loan balance is confirmed. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off. Accrued interest receivable is included in the estimate of credit losses. The allowance for credit losses represents management's estimate of lifetime credit losses inherent in loans as of the balance sheet date. The allowance for credit losses is estimated by management using relevant available information, from both internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. The Company measures expected credit losses for loans on a pooled basis when similar risk characteristics exist. The Company has identified the following portfolio segments: multi-family, commercial business, nonresidential real estate, manufactured homes, home equity loans, home equity lines of credit, residential real estate, commercial lines of credit, direct automobile, indirect automobile, other consumer, other consumer lines of credit, recreational vehicles, student loans, and residential construction loans. The Company utilizes a reasonable and supportable forecast period of 3 – 10 years depending on the portfolio segment. Subsequent to this forecast period the Company reverts, on a straight-line basis over the applicable segment period, to historical loss experience to inform its estimate of losses for the remaining contractual life of each portfolio.

Additionally, the allowance for credit losses calculation includes subjective adjustments for qualitative risk factors that are likely to cause estimated credit losses to differ from historical experience. These qualitative adjustments may increase or reduce reserve levels and included adjustments for volume and loan mix, economics, and delinquency and loan quality. Loans that do not share risk characteristics are evaluated on an individual basis. When management determines that foreclosure is probable and the borrower is experiencing financial difficulty, the expected credit losses are based on the fair value of the collateral at the reporting date adjusted for selling costs as appropriate.

Financial instruments include off-balance sheet credit instruments, such as commitments to make loans and commercial letters of credit issued to meet customer financing needs. The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for off-balance sheet loan commitments is represented by the contractual amount of those instruments. Such financial instruments are recorded when they are funded. The Company records an allowance for credit losses on off-balance sheet credit exposures, unless the commitments to extend credit are unconditionally cancelable, through a charge to provision for unfunded commitments in the Company's income statements. The allowance for credit losses on off-balance sheet credit exposures is estimated by loan segment at each balance sheet date under the current expected credit loss model using the same methodologies as portfolio loans, taking into consideration the likelihood that funding will occur as well as any third-party guarantees. The allowance for unfunded commitments is included in other liabilities on the Company's consolidated balance sheets.

Credit quality risk ratings include regulatory classifications of special mention, substandard, doubtful, and loss. Loans classified as special mention have potential weaknesses that deserved management's close attention. If uncorrected, the potential weaknesses may result in deterioration of the repayment prospects. Loans classified as substandard have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They include loans that are inadequately protected by the current sound net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans classified as doubtful have all the weaknesses inherent in loans classified as substandard with the added characteristic that collection or liquidation in full, on the basis of current conditions and facts, is highly improbable. Loans classified as loss are considered uncollectible and are charged to the allowance for loan losses. Loans not classified are rated as pass.

In addition, Federal regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for credit losses and may require the Company to recognize additions to the allowance based on their judgments about information available to them at the time of their examination, which may not be currently available to management. Based on management's comprehensive analysis of the loan portfolio, management believes the current level of the allowance for credit losses is adequate.

h. Income Recognition on Non-accrual Loans

For all classes of loans receivable, the accrual of interest is discontinued when the contractual payment of principal or interest has become 90 days past due or management has serious doubts about further collectability of principal or interest, even though the loan may be currently performing. A loan may remain on accrual status if it is in the process of collection and is either guaranteed or well secured. When a loan is placed on non-accrual status, unpaid interest is reversed and charged to interest income. Interest received on non-accrual loans, including impaired loans, generally is either applied against principal or reported as interest income, according to management's judgment as to the collectability of principal. Generally, loans are restored to accrual status when the obligation is brought current, has performed in accordance with the contractual terms for a reasonable period of time, and the ultimate collectability of the total contractual principal and interest is no longer in doubt.

When future collectability of the recorded loan balance is expected, interest income may be recognized on a cash basis. In the case where a non-accrual loan had been partially charged off, recognition of interest on a cash basis is limited to that which would have been recognized on the recorded loan balance at the contractual interest rate. Cash interest receipts in excess of that amount are recorded as recoveries to the allowance for credit losses until prior charge-offs have been fully recovered.

i. Premises and Equipment

Land is carried at cost. Buildings, improvements, and equipment are carried at cost less accumulated depreciation and amortization. Depreciation expense is provided on a straight-line basis over the estimated useful lives of the related assets, which is generally 15 to 40 years for buildings and 3 to 10 years for furniture, equipment, computers, and software. Leasehold improvements, if any, are amortized over the shorter of the terms of the lease or useful life. Maintenance and repairs are charged to operating expenses as incurred. The asset cost and accumulated depreciation are removed from the accounts for assets sold or retired and any resulting gain or loss is included in the determination of income. Premises and equipment are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of a particular asset may not be recoverable.

j. Bank-owned Life Insurance

The Bank invests in bank-owned life insurance ("BOLI") as a source of funding for employee benefit expenses. BOLI involves the purchasing of life insurance by the Bank on a chosen group of employees. The Bank is the owner and beneficiary of the life insurance policies, and as such, the investment is carried at the cash surrender value of the underlying policies. In 2012, the Bank purchased additional BOLI to offset the cost of the director's retirement plan and the addition of a supplemental executive retirement plan. The 2012 purchase of $2 million in additional BOLI on senior management includes a split-dollar arrangement on a portion of the insurance benefit. The policies are carried at the cash surrender value and the liability for the split dollar arrangement is recorded in other liabilities. Income from the increase in cash surrender value of the policies is included in noninterest income on the consolidated statements of operations. One of the Bank's BOLI policies includes a stable value wrapper policy that provides for book value accounting of the policy's cash value accumulations with the periodic credit rating adjusted to recapture any losses greater than the stable value wrapper coverage. In the event that the market value falls below the stable value wrapper ratio limit of 87% of our total cash surrender value, the Bank's book value would be written down to reduce the market value loss to 13%. Decreases in book value are recovered over time through higher crediting rate resets.

k. Intangible Assets and Goodwill

Intangible assets represent acquired assets that lack physical substance, but can be distinguished from goodwill because of contractual or other legal rights. The Company's intangible assets include customer lists and covenants not to compete that were acquired in connection with business acquisitions.

As part of recording the purchase of assets and liabilities of Medina Savings and Loan Association at fair value upon the September 29, 2018 merger, Generations Bank recorded a $964,000 Core Deposit Intangible ("CDI"). The CDI valuation method employed a discounted cash flow analysis to determine the fair value of the acquired core deposits to fund operations, versus using comparable term (i.e. term to maturity) wholesale borrowings. A positive valuation results because the overall cost of core deposits (interest rate plus operating expense less other income) is lower than the cost of a laddered portfolio of borrowings structured with the same maturity as the projected core deposit base. As of the Valuation Date, the value of Medina's core deposits was, in aggregate, $964,000 on a pre-tax basis, equal to 2.50% of the acquired core deposits. This asset is amortized over 15 years in accordance with the fair value analysis provided by a third-party.

The Company reviews its identifiable assets for impairment whenever events or circumstances indicate that the carrying value may not be recoverable.

l. Employee Benefit Plans

The Bank funds two noncontributory defined benefit pension plans, one plan that accrues benefits for employees of Generations Bank that were hired prior to October 1, 2016 and the second plan that was acquired with the MSL merger and covers MSL employees that were participants of that plan effective September 30, 2018. Both plans have been frozen to new employees and cover eligible Company employees at least 21 years of age and with at least one year of service. Benefits under these plans generally are based on employees' years of service and compensation. The Bank makes annual contributions to the plans equal to the maximum amount that can be deducted for income tax purposes. On July 3, 2024, the Board of Directors approved a hard freeze of the plans. The plans were frozen as of July 31, 2024.

The Bank sponsors an Employee Stock Ownership Plan ("ESOP") covering substantially all full-time employees. Acquisitions of the Holding Company's common stock for the Plan by the Bank were funded internally through a borrowing from the Holding Company, which is repayable annually with interest over twenty-five years. The cost of shares issued to the ESOP but not allocated to participants is presented in the consolidated statement of financial condition as a reduction of shareholders' equity. ESOP shares are released to participants proportionately as the loan is repaid. Allocations to individual accounts are based on participant compensation. As shares are committed to be released to participants, the Company reports compensation expense equal to the current market price of the shares and the shares become outstanding for earnings per share computations. The difference between the market price and the cost of shares committed to be released is recorded as an adjustment to additional paid-in-capital. Dividends on allocated shares reduce retained earnings; dividends on unallocated ESOP shares reduce debt and accrued interest.

The Bank has a defined contribution plan under section 401(k) of the Internal Revenue Code. This plan covers all Bank employees with at least three months of service. The Bank's contributions to this plan are discretionary and begin after one year of service. Employee contributions are voluntary. Employees vest immediately in their own contributions, and vest in the Bank's contributions based on years of service.

The Company has a Directors Retirement Plan for the benefit of its eligible non-employee members of the Board of Directors of the Company. This plan is an unfunded arrangement and intended to comply with Internal Revenue Code Section 409A. The plan allows for deferred compensation elections and a supplemental contribution by the Bank. The plan has been frozen to new members that joined our Board after our 2018 annual meeting. The Company also has a supplemental executive retirement plan, under Internal Revenue Code Section 409A, for selected officers. This plan is an unfunded arrangement that consists of an annual contribution calculated based on a target benefit.

m. Foreclosed Real Estate

Real estate and other assets acquired in settlement of loans are carried at the fair value of the property at the date of acquisition less estimated selling costs. The following table represents the detail of such assets at December 31:

	At December 31,	
(In thousands)	**2024**	**2023**
Foreclosed real estate	$ —	$ 118
	$ —	$ 118

Write-downs from cost to fair value less estimated selling costs, which are required at the time of foreclosure or repossession, are charged to the allowance for credit losses. Subsequent write-downs to fair value, net of estimated selling costs and the net operating expenses of foreclosed and repossessed assets, are charged to other noninterest expenses and were approximately $13,000 and $35,000 for the years ended 2024 and 2023, respectively.

At December 31, 2024 there were six one- to four-family residential mortgage loans and two home equity lines of credit in the process of foreclosure for a total of $393,000. At December 31, 2023 there were six one- to four-family residential mortgage loans in the process of foreclosure for a total of $354,000.

n. Advertising

The Company follows the policy of charging the costs of advertising to expense as incurred.

o. Income Taxes

Deferred income tax assets and liabilities are determined using the liability method. Under this method, the net deferred tax asset or liability is recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases as well as net operating losses, capital losses, and contribution carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income tax expense in the period that includes the enactment date. To the extent that current available evidence about the future raises doubt about the likelihood of a deferred tax asset being realized, a valuation allowance is established. The judgment about the level of future taxable income, including that which is considered capital, is inherently subjective and is reviewed on a continual basis as regulatory and business factors change. Interest and penalties are included as a component of noninterest expense if incurred.

Uncertain tax positions are recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more likely than not means a likelihood of more than 50 percent. The terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances, and information available at the reporting date and is subject to management's judgment. At December 31, 2024 and 2023, the Company had no uncertain tax positions.

p. Comprehensive Income

Accounting principles generally accepted in the United States of America require that recognized revenue, expenses, gains, and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities and unrecognized gains or losses and prior service credits for the defined benefit pension plan are reported as a separate component of the shareholders' equity section of the consolidated statements of financial condition, such items, along with net (loss) income, are components of comprehensive income.

The amounts of income tax expense allocated to each component of other comprehensive income are as follows:

	For Years Ended December 31,	
(In thousands)	**2024**	**2023**
Unrealized gains on securities available-for-sale:		
Unrealized holding gains arising during the period	$ —	$ (292)
Net unrealized gains on securities available-for-sale	—	(292)
Defined benefit pension plan:		
Net plan gains arising during the period	—	(261)
Reclassification of amortization of net losses and prior service credit recognized in net pension expense	—	(34)
Net change in defined benefit pension plan asset	—	(295)
	$ —	$ (587)

The balances and changes in the components of accumulated other comprehensive income (loss), net of tax, are as follows:

Year Ended December 31, *(In thousands)*	**Unrealized Gains on Securities Available-for-Sale**	**Defined Benefit Pension Plan**	**Accumulated Other Comprehensive Loss**
Balance, December 31, 2023	$ (2,803)	$ (1,454)	$ (4,257)
Other comprehensive (loss) income before reclassifications	(124)	1,935	1,811
Amounts reclassified from AOCI to the statements of operations, net of tax	10	—	10
Net current-period other comprehensive (loss) income	(114)	1,935	1,821
Balance, December 31, 2024	$ (2,917)	$ 481	$ (2,436)

Year Ended December 31, *(In thousands)*	**Unrealized Gains on Securities Available-for-Sale**	**Defined Benefit Pension Plan**	**Accumulated Other Comprehensive Loss**
Balance, December 31, 2022	$ (3,905)	$ (2,562)	$ (6,467)
Other comprehensive income before reclassifications	1,102	981	2,083
Amounts reclassified from AOCI to the statements of operations, net of tax	—	127	127
Net current-period other comprehensive income	1,102	1,108	2,210
Balance, December 31, 2023	$ (2,803)	$ (1,454)	$ (4,257)

q. Earnings Per Common Share

Basic earnings (losses) per common share is calculated by dividing net income (loss) by the weighted-average number of common shares outstanding during the period. Diluted earnings per share is calculated in a manner similar to that of basic earnings per share except that the weighted-average number of shares is increased to include the number of incremental common shares that would have been outstanding under the treasury stock method if all potentially dilutive common shares (such as stock options) issued became vested during the period. Based on the calculation, there was no impact on earnings per share as the stock options were considered anti-dilutive for the years ended December 31, 2024 and 2023. The Company had anti-dilutive shares of 16,761 and 62,827 as of the year-ended December 31, 2024 and 2023, respectively. On March 28, 2022, the Board of Directors authorized a stock repurchase program to repurchase approximately 83,300 shares, or approximately 3.4%, of the Company's outstanding common stock. On May 19, 2022, the 2022 Equity Incentive Plan (the "Plan") which includes initial grants of restricted stock and stock options to outside directors, was approved by the Company's stockholders. On June 14, 2022, the Board of Directors of the Company approved restricted stock and stock option grants to senior management. An aggregate of 132,977 stock options and 53,191 shares of restricted stock were granted to directors and senior management during the year ended December 31, 2022. The grants to directors and senior management vest over a five-year period in equal annual installments, with the first installment vesting on the first anniversary date of the grant and succeeding installments on each anniversary thereafter, through 2027. On July 25, 2022, the Board of Directors authorized a second stock repurchase program to acquire up to 87,000 shares, or approximately 3.6%, of the Company's outstanding common stock at the conclusion of the first stock repurchase program. On May 31, 2023, the Board of Directors authorized a third stock repurchase program to acquire up to $1.0 million, or approximately 91,000 shares, or approximately 4.0% of the Company's outstanding common stock, based on the current trading price of the common stock. At this time the Company does not expect to repurchase any more shares under the third stock repurchase program. On March 25, 2024, the Board of Directors of the Company approved stock option grants to the Chief Executive Officer and restricted stock grants to select members of management. An aggregate of 14,780 stock options were granted to the Chief Executive Officer and 5,912 shares of restricted stock were granted to management. The grants vest over a five-year period in equal annual installments, with the first installment vesting on the first anniversary date of the grant and succeeding installments on each anniversary thereafter, through 2029. Unallocated common shares held by the ESOP are not included in the weighted-average number of common shares outstanding for purposes of calculating basic earnings per common share until they are committed to be released.

The following table sets forth the calculation of basic and diluted earnings per share.

(In thousands, except per share data)	Year Ended December 31, 2024	Year Ended December 31, 2023
Net loss available to common stockholders	$ (4,775)	$ (1,567)
Weighted-average common shares outstanding	2,156	2,191
Losses per common share - basic and diluted	$ (2.21)	$ (0.72)

r. Reclassifications

Certain reclassifications have been made to the 2023 consolidated financial statements to conform to the 2024 consolidated financial statement presentation. These reclassifications had no effect on net earnings.

3. Balances at Other Banks

The Bank may be required to maintain cash balances on hand or with the Federal Reserve Bank. At December 31, 2024, and 2023, the Bank did not have a reserve requirement.

4. Securities

Investments in securities available-for-sale, held-to-maturity, and equity are summarized as follows

(in thousands)	At December 31, 2024 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities available-for-sale:				
Residential mortgage-backed - US agency and Government Sponsored Enterprise ("GSE")	$ 19	$ —	$ —	$ 19
Corporate bonds	11,071	89	(2,022)	9,138
State and political subdivisions	16,958	65	(1,794)	15,229
Total securities available-for-sale	$ 28,048	$ 154	$ (3,816)	$ 24,386
Securities held-to-maturity:				
Structured certificates of deposit	$ 650	$ —	$ (190)	$ 460
Residential mortgage-backed - US agency and GSEs	709	1	(15)	695
Total securities held-to-maturity	$ 1,359	$ 1	$ (205)	$ 1,155
Equity securities:				
Large cap equity mutual fund	$ 53			$ 53
Other mutual funds	372			372
Total of equity securities	$ 425			$ 425

(in thousands)	At December 31, 2023 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities available-for-sale:				
Residential mortgage-backed - US agency and GSEs	$ 20	$ —	$ —	$ 20
Corporate bonds	17,242	85	(2,280)	15,047
State and political subdivisions	17,588	112	(1,465)	16,235
Total securities available-for-sale	$ 34,850	$ 197	$ (3,745)	$ 31,302
Securities held-to-maturity:				
Structured certificates of deposit	$ 650	$ —	$ (208)	$ 442
Residential mortgage-backed - US agency and GSEs	804	1	(21)	784
Total securities held-to-maturity	$ 1,454	$ 1	$ (229)	$ 1,226
Equity securities:				
Large cap equity mutual fund	$ 45			$ 45
Other mutual funds	316			316
Total of equity securities	$ 361			$ 361

Gross unrealized losses on investment securities and the fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, is as follows:

	At December 31, 2024					
	12 Months or Less		More than 12 Months		Total	
(in thousands)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Securities available-for-sale:						
Corporate bonds	79	(1)	6,640	(2,021)	6,719	(2,022)
State and political subdivisions	—	—	13,799	(1,794)	13,799	(1,794)
Total securities available-for-sale	$ 79	$ (1)	$ 20,439	$ (3,815)	$ 20,518	$ (3,816)

	At December 31, 2023					
	12 Months or Less		More than 12 Months		Total	
(in thousands)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Securities available-for-sale:						
Corporate bonds	2,367	(14)	10,642	(2,266)	13,009	(2,280)
State and political subdivisions	1,427	(11)	13,336	(1,454)	14,763	(1,465)
Total securities available-for-sale	$ 3,794	$ (25)	$ 23,978	$ (3,720)	$ 27,772	$ (3,745)

The Company conducts a formal review of investment securities on a quarterly basis for the presence of credit-related and non-credit-related losses. Management assesses whether a loss is present when the fair value of a debt security is less than its amortized cost basis at the statement of financial condition date. Unrealized losses on corporate bonds have not been recognized into income because the issuer(s) bonds are of investment quality, management does not intend to sell, and it is likely that management will not be required to sell the securities prior to their anticipated recovery, and the decline in fair value is largely due to changes in interest rates and other market conditions. The issuer(s) continue to make timely principal and interest payments on the bonds. The fair value is expected to recover as the bonds(s) approach maturity.

Twelve government agency and government sponsored enterprise ("GSE") residential mortgage-backed security holdings have an unrealized loss as of December 31, 2024. The securities were issued by the Federal National Mortgage Association ("FNMA"), Federal Home Loan Mortgage Corporation ("FHLMC") and the Government National Mortgage Association ("GNMA"). All of the 12 government-backed securities that have unrealized losses are immaterial, with an average deficiency of $1,300.

There are 88 bond issues held by the Company that have an unrealized loss at December 31, 2024. The bonds are issued by well-established municipalities and corporate entities with semi-annual interest payments. All interest payments have historically been made timely. The value of the bonds held is closely correlated with long-term rates, and as interest rates increase, the bond values decrease. Within this portfolio are six bonds issued by corporate entities that have an aggregate loss of $1.8 million. These bonds have variable rates and reprice based upon the spread between intermediate Treasury bond yields and long-term Treasury bond yields and will respond positively with the steepening of the yield curve. In addition, the credit quality of the bond issuers has also been reviewed with no concerns noted. We anticipate full recovery of our investment over time and have no plans to sell the securities in the near term.

Market values of the securities fluctuate in reaction to the uncertainty of the economy. Principal and interest continue to be received on all securities as anticipated. The Company has the ability and intent to hold the securities through maturity or recovery of its amortized cost basis. With the government guarantees in place, management does not expect losses on these securities. No credit-related or non-credit-related losses are deemed present on these securities.

The Company monitors the credit quality of the debt securities held-to-maturity on a quarterly basis. At December 31, 2024 the amortized cost of debt securities held-to-maturity totaled $1.4 million. Structured certificates of deposit totaled $650,000 and are fully insured by the Federal Deposit Insurance Corporation as no one security exceeds the $250,000 insurance limit. Residential mortgage-backed securities totaled $709,000 and are backed by the full faith of the U.S. government. As a result, no credit-related or non-credit-related losses are deemed present on these securities.

The following is a summary of the amortized cost and estimated fair values of debt securities at December 31, 2024 by remaining term to contractual maturity other than mortgage-backed securities. Actual maturities may differ from these amounts because certain issuers have the right to call or redeem their obligations prior to contractual maturity. The contractual maturities of debt securities generally exceed 20 years; however, the effective average life is expected to be substantially shorter due to anticipated repayments and prepayments.

	At December 31, 2024			
	Securities Available-for-Sale		**Securities Held-to-Maturity**	
(in thousands)	**Amortized Cost**	**Estimated Fair Value**	**Amortized Cost**	**Estimated Fair Value**
Due in one year or less	$ 434	$ 429	$ —	$ —
Due over one year through five years	3,806	3,583	—	—
Due over five through ten years	6,278	4,959	—	—
Due after ten years	17,511	15,396	—	—
	28,029	24,367	—	—
Structured certificates of deposit	—	—	650	460
Residential mortgage-backed securities	19	19	709	695
Total	$ 28,048	$ 24,386	$ 1,359	$ 1,155

There were $10,000 in gross realized gains and no losses on sales and redemptions of available-for-sale securities for the year ended December 31, 2024. There were no gross realized gains or losses on sales and redemptions of available-for-sale securities for the year ended December 31, 2023. Gains and losses on the sales of securities are recognized in income when sold, using the specific identification method, on a trade date basis.

Securities with a fair value of $8.1 million and $12.0 million were pledged to collateralize certain deposit arrangements at December 31, 2024 and 2023, respectively.

5. Loans Receivable

Major classifications of loans are as follows:

(In thousands)	At December 31, 2024	At December 31, 2023
Residential mortgages:		
One- to four-family	$ 166,925	$ 168,387
	166,925	168,387
Commercial loans:		
Real estate - nonresidential	13,277	14,437
Multi-family	768	832
Commercial business	12,305	18,821
	26,350	34,090
Consumer:		
Home equity and junior liens	15,267	13,632
Manufactured homes	44,111	48,681
Automobile	16,169	22,424
Student	1,289	1,569
Recreational vehicle	19,362	22,915
Other consumer	8,362	9,555
	104,560	118,776
Total Loans	297,835	321,253
Net deferred loan costs	12,482	15,351
Fair value credit and yield adjustment	(79)	(149)
Less allowance for loan losses	(2,786)	(2,973)
Loans receivable, net	$ 307,452	$ 333,482

The Company primarily grants residential mortgage, commercial, and consumer loans to customers throughout the Finger Lakes region of New York State, which includes parts of Cayuga, Seneca, and Ontario counties as well as Orleans County. Although the Company has a diversified loan portfolio, a substantial portion of its debtors' abilities to honor their contracts is dependent upon the counties' employment and economic conditions. To further diversify the loan portfolio, the Company also purchases loans that have been originated outside of the region. High quality automobile loans, originated in the Northeastern United States, are purchased regularly from a Connecticut based company. In 2019, the Company also began to purchase modular home loans originated throughout the United States from a company who then services the loans. In 2020, the Company began to purchase automobile and recreational vehicle loans originated in New York State. In 2022, the Company began to purchase one- to four-family, owner-occupied residential real estate loans from a third-party originator. These loans are serviced by the Company and primarily located in Cayuga, Ontario, Orleans, and Seneca counties. In 2024 and 2023, the Company did not purchase any recreational vehicle loans and does not expect to engage in purchases of these types of loans in the future.

Loan Origination / Risk Management

The Company has lending policies and procedures in place that are designed to maximize loan income within an acceptable level of risk. Management reviews and approves these policies and procedures on a regular basis. A reporting system supplements the review process by frequently providing management with reports related to loan production, loan quality, loan delinquencies, non-performing, and potential problem loans. Diversification in the loan portfolio is a means of managing risk associated with fluctuations in economic conditions.

The loan portfolio is segregated into risk rating categories based on the borrower's overall financial condition, repayment sources, guarantors, and value of collateral, if appropriate. The risk ratings are evaluated at least annually for commercial loans unless credit deficiencies arise, such as delinquent loan payments, for commercial, residential mortgage, or consumer loans. Credit quality risk ratings include regulatory classifications of special mention, substandard, doubtful, and loss. Loans classified as loss are considered uncollectible and are charged to the allowance for credit loss. Loans not classified are rated as pass. See further discussion of risk ratings in Note 2.

The following table presents the classes of the loan portfolio summarized by the pass rating and the classified ratings of special mention, substandard, and doubtful within the Company's internal risk rating system:

	At December 31, 2024				
(In thousands)	**Pass**	**Special Mention**	**Substandard**	**Doubtful**	**Total**
Residential mortgages:					
One- to four-family	$ 163,039	$ 1,278	$ 2,608	$ —	$ 166,925
	163,039	1,278	2,608	—	166,925
Commercial loans:					
Real estate - nonresidential	11,422	1,587	268	—	13,277
Multi-family	392	376	—	—	768
Commercial business	11,392	556	357	—	12,305
	23,206	2,519	625	—	26,350
Consumer:					
Home equity and junior liens	15,086	57	124	—	15,267
Manufactured homes	43,415	339	357	—	44,111
Automobile	15,977	99	93	—	16,169
Student	1,265	—	24	—	1,289
Recreational vehicle	18,607	499	256	—	19,362
Other consumer	8,345	1	16	—	8,362
	102,695	995	870	—	104,560
Total loans	$ 288,940	$ 4,792	$ 4,103	$ —	$ 297,835

	At December 31, 2023				
(In thousands)	**Pass**	**Special Mention**	**Substandard**	**Doubtful**	**Total**
Residential mortgages:					
One- to four-family	$ 164,940	$ 1,169	$ 2,278	$ —	$ 168,387
	164,940	1,169	2,278	—	168,387
Commercial loans:					
Real estate - nonresidential	12,505	1,633	299	—	14,437
Multi-family	832	—	—	—	832
Commercial business	16,016	615	2,190	—	18,821
	29,353	2,248	2,489	—	34,090
Consumer:					
Home equity and junior liens	13,486	61	85	—	13,632
Manufactured homes	48,286	72	323	—	48,681
Automobile	22,216	88	120	—	22,424
Student	1,543	—	26	—	1,569
Recreational vehicle	21,974	650	291	—	22,915
Other consumer	9,428	56	71	—	9,555
	116,933	927	916	—	118,776
Total loans	$ 311,226	$ 4,344	$ 5,683	$ —	$ 321,253

Management has reviewed its loan portfolio and determined that, to the best of its knowledge, little or no exposure exists to sub-prime or other high-risk residential mortgages. The Company is not in the practice of originating these types of loans.

Non-accrual and Past Due Loans

Loans are considered past due if the required principal and interest payments have not been received within thirty days of the payment due date.

For all classes of loans receivable, the accrual of interest is discontinued when the contractual payment of principal or interest has become 90 days past due or management has serious doubts about further collectability of principal or interest, even though the loan may be currently performing. A loan may remain on accrual status if it is in the process of collection and is either guaranteed or well secured. When a loan is placed on non-accrual status, unpaid interest is reversed and charged to interest income. Interest received on non-accrual loans, including collateral-dependent loans, generally is either applied against principal or reported as interest income, according to management's judgment as to the collectability of principal. Generally, loans are restored to accrual status when the obligation is brought current, has performed in accordance with the contractual terms for a reasonable period of time and the ultimate collectability of the total contractual principal and interest is no longer in doubt.

When future collectability of the recorded loan balance is expected, interest income may be recognized on a cash basis. In the case where a non-accrual loan had been partially charged off, recognition of interest on a cash basis is limited to that which would have been recognized on the recorded loan balance at the contractual interest rate. Cash interest receipts in excess of that amount are recorded as recoveries to allowance for loan losses until prior charge-offs have been fully recovered.

An age analysis of past due loans, segregated by class of loans are as follows:

	At December 31, 2024					
(In thousands)	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due	Total Loans Current	Total Loans Receivable
Residential mortgage loans:						
One- to four-family	$ 2,820	$ 1,884	$ 2,608	$ 7,312	$ 159,613	$ 166,925
	2,820	1,884	2,608	7,312	159,613	166,925
Commercial loans:						
Real estate - nonresidential	—	—	13	13	13,264	13,277
Multi-family	376	—	—	376	392	768
Commercial business	—	48	—	48	12,257	12,305
	376	48	13	437	25,913	26,350
Consumer loans:						
Home equity and junior liens	196	25	124	345	14,922	15,267
Manufactured homes	884	339	357	1,580	42,531	44,111
Automobile	239	99	93	431	15,738	16,169
Student	—	—	24	24	1,265	1,289
Recreational vehicle	733	499	256	1,488	17,874	19,362
Other consumer	357	1	16	374	7,988	8,362
	2,409	963	870	4,242	100,318	104,560
Total loans	$ 5,605	$ 2,895	$ 3,491	$ 11,991	$ 285,844	$ 297,835

	At December 31, 2023					
(In thousands)	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due	Total Loans Current	Total Loans Receivable
Residential mortgage loans:						
One- to four-family	$ 5,397	$ 1,491	$ 2,277	$ 9,165	$ 159,222	$ 168,387
	5,397	1,491	2,277	9,165	159,222	168,387
Commercial loans:						
Real estate - nonresidential	—	—	29	29	14,408	14,437
Multi-family	384	—	—	384	448	832
Commercial business	388	73	41	502	18,319	18,821
	772	73	70	915	33,175	34,090
Consumer loans:						
Home equity and junior liens	336	77	85	498	13,134	13,632
Manufactured homes	609	72	323	1,004	47,677	48,681
Automobile	246	88	120	454	21,970	22,424
Student	4	—	25	29	1,540	1,569
Recreational vehicle	913	650	291	1,854	21,061	22,915
Other consumer	154	56	71	281	9,274	9,555
	2,262	943	915	4,120	114,656	118,776
Total loans	$ 8,431	$ 2,507	$ 3,262	$ 14,200	$ 307,053	$ 321,253

Non-accrual loans, segregated by class of loan, were as follows:

(In thousands)	At December 31, 2024	At December 31, 2023
Residential mortgage loans:		
One- to four-family	$ 2,608	$ 2,277
	2,608	2,277
Commercial loans:		
Real estate - nonresidential	13	29
Commercial business	301	397
	314	426
Consumer loans:		
Home equity and junior liens	124	85
Manufactured homes	357	323
Automobile	93	120
Student	24	25
Recreational vehicle	256	291
Other consumer	16	71
	870	915
Total non-accrual loans	$ 3,792	$ 3,618

There were no loans past due more than ninety days and still accruing interest at December 31, 2024 and 2023.

Loan Modifications

The allowance for credit losses incorporates an estimate of lifetime expected credit losses and is recorded on each asset upon asset origination or acquisition. The starting point for the estimate of the allowance for credit losses is historical loss information, which includes losses from modifications of receivables to borrowers experiencing financial difficulty. The Company uses a probability of default/loss given default model to determine the allowance for credit losses. An assessment of whether a borrower is experiencing financial difficulty is made on the date of a modification. Because the effect of most modifications made to borrowers experiencing financial difficulty is already included in the allowance for credit losses because of the measurement methodologies used to estimate the allowance, a change to the allowance for credit losses is generally not recorded upon modification. Occasionally, the Company modifies loans by providing principal forgiveness on certain of its real estate loans. When principal forgiveness is provided, the amortized cost basis of the asset is written off against the allowance for credit losses. The amount of the principal forgiveness is deemed to be uncollectible; therefore, that portion of the loan is written off, resulting in a reduction of the amortized cost basis and a corresponding adjustment to the allowance for credit losses. In some cases, the Company will modify a certain loan by providing multiple types of concessions. Typically, one type of concession, such as a term extension, is granted initially. If the borrower continues to experience financial difficulty, another concession, such as principal forgiveness, may be granted.

There were no loans modified to borrowers experiencing financial difficulties during the years ended December 31, 2024 and 2023.

The Company designates individually evaluated loans on nonaccrual status as collateral-dependent loans, as well as other loans that management of the Company designates as having higher risk. Collateral-dependent loans are loans for which the repayment is expected to be provided substantially through the operation or sale of the collateral and the borrower is experiencing financial difficulty. These loans do not share common risk characteristics and are not included within the collectively evaluated loans for determining the allowance for credit losses. Under CECL, for collateral-dependent loans, the Company has adopted the practical expedient to measure the allowance for credit losses based on the fair value of collateral. The allowance for credit losses is calculated on an individual basis based on the shortfall between the fair value of the loan's collateral, which is adjusted for liquidation costs/discounts, and amortized costs. If the fair value of the collateral exceeds the amortized cost, no allowance is required.

The following table presents an analysis of collateral-dependent loans for the Company as of December 31, 2024 and 2023:

	At December 31, 2024					
(In thousands)	Residential properties	Business assets	Land	Commercial property	Other	Total Loans
One- to four-family	$ 2,109	$ —	$ —	$ —	$ —	$ 2,109
Real estate - nonresidential	13	—	—	—	—	13
Commercial business	—	252	—	—	—	252
Home equity and junior liens	124	—	—	—	—	124
Total loans	$ 2,246	$ 252	$ —	$ —	$ —	$ 2,498

	At December 31, 2023					
(In thousands)	Residential properties	Business assets	Land	Commercial property	Other	Total Loans
One- to four-family	$ 1,977	$ —	$ —	$ —	$ —	$ 1,977
Real estate - nonresidential	29	—	—	—	—	29
Commercial business	—	414	—	—	—	414
Home equity and junior liens	85	—	—	—	—	85
Total loans	$ 2,091	$ 414	$ —	$ —	$ —	$ 2,505

The following table presents the amortized cost information of loans on non-accrual status:

(In thousands)	At December 31, 2024 Non-accrual loan	At December 31, 2024 Non-accrual loans with no allowance for credit losses	At December 31,2023 Non-accrual loan	At December 31,2023 Non-accrual loans with no allowance for credit losses
Residential mortgage loans:				
One- to four-family	$ 2,608	$ 2,596	$ 2,277	$ 2,277
Commercial loans:				
Real estate - nonresidential	13	13	29	29
Commercial business	301	301	397	356
Consumer loans:				
Home equity and junior liens	124	124	85	85
Manufactured homes	357	357	323	323
Automobile	93	93	120	120
Student	24	24	25	25
Recreational vehicle	256	256	291	291
Other consumer	16	16	71	71
	$ 3,792	$ 3,780	$ 3,618	$ 3,577

Income recognized on a cash basis was not materially different than interest income recognized on an accrual basis for the periods.

The following tables present the loans to customers as of December 31, 2024 and 2023 based on year of origination within each credit quality indicator:

	At December 31, 2024 2024	2023	2022	2021	2020	Prior	Total
Residential mortgage loans:							
4 Internal grade	$ 11,199	$ 37,340	$ 38,958	$ 9,178	$ 10,337	$ 56,027	$ 163,039
5 Internal grade	—	—	—	—	—	1,278	1,278
6 Internal grade	—	172	136	115	41	2,144	2,608
	$ 11,199	$ 37,512	$ 39,094	$ 9,293	$ 10,378	$ 59,449	$ 166,925
Commercial loans:							
2 Internal grade	$ —	$ —	$ —	$ —	$ —	$ —	$ —
3 Internal grade	—	639	101	749	168	5,461	7,118
4 Internal grade	—	3,947	3,471	298	177	8,195	16,088
5 Internal grade	—	—	—	—	—	2,519	2,519
6 Internal grade	—	—	—	—	—	625	625
	$ —	$ 4,586	$ 3,572	$ 1,047	$ 345	$ 16,800	$ 26,350
Consumer loans:							
4 Internal grade	$ 3,709	$ 14,176	$ 19,118	$ 21,984	$ 27,965	$ 15,743	$ 102,695
5 Internal grade	—	83	295	208	323	86	995
6 Internal grade	—	30	48	215	370	207	870
	$ 3,709	$ 14,289	$ 19,461	$ 22,407	$ 28,658	$ 16,036	$ 104,560

	At December 31, 2023						
	2023	2022	2021	2020	2019	Prior	Total
Residential mortgage loans:							
4 Internal grade	$ 39,312	$ 41,364	$ 10,185	$ 11,309	$ 11,008	$ 51,762	$ 164,940
5 Internal grade	—	—	27	—	—	1,142	1,169
6 Internal grade	—	132	—	41	763	1,342	2,278
	$ 39,312	$ 41,496	$ 10,212	$ 11,350	$ 11,771	$ 54,246	$ 168,387
Commercial loans:							
2 Internal grade	$ —	$ —	$ —	$ —	$ —	$ 360	$ 360
3 Internal grade	1,615	155	594	242	459	4,212	7,277
4 Internal grade	6,496	3,461	657	193	409	10,500	21,716
5 Internal grade	—	—	—	—	2,028	220	2,248
6 Internal grade	—	—	—	—	41	2,448	2,489
	$ 8,111	$ 3,616	$ 1,251	$ 435	$ 2,937	$ 17,740	$ 34,090
Consumer loans:							
4 Internal grade	$ 16,103	$ 24,083	$ 25,866	$ 31,711	$ 8,668	$ 10,502	$ 116,933
5 Internal grade	—	104	474	227	17	105	927
6 Internal grade	—	83	406	295	54	78	916
	$ 16,103	$ 24,270	$ 26,746	$ 32,233	$ 8,739	$ 10,685	$ 118,776

The following tables present the gross write-offs and recoveries based on year of origination for the years ended December 31, 2024 and 2023:

	December 31, 2024						
	2024	2023	2022	2021	2020	Prior	Total
Residential mortgage loans:							
Current period gross write-offs	$ —	$ —	$ —	$ —	$ —	$ (24)	$ (24)
Current period recoveries	—	—	—	—	—	4	4
Current period net (write-offs) recoveries	$ —	$ —	$ —	$ —	$ —	$ (20)	$ (20)
Commercial loans:							
Current period gross write-offs	$ —	$ (241)	$ —	$ —	$ —	$ (34)	$ (275)
Current period recoveries	—	—	—	—	—	25	25
Current period net (write-offs) recoveries	$ —	$ (241)	$ —	$ —	$ —	$ (9)	$ (250)
Consumer loans:							
Current period gross write-offs	$ (10)	$ (41)	$ (265)	$ (639)	$ (296)	$ (24)	$ (1,275)
Current period recoveries	—	—	19	20	79	33	151
Current period net (write-offs) recoveries	$ (10)	$ (41)	$ (246)	$ (619)	$ (217)	$ 9	$ (1,124)

	December 31, 2023						
	2023	2022	2021	2020	2019	Prior	Total
Residential mortgage loans:							
Current period gross write-offs	$ —	$ —	$ —	$ —	$ —	$ (169)	$ (169)
Current period recoveries	—	—	—	—	—	4	4
Current period net (write-offs) recoveries	$ —	$ —	$ —	$ —	$ —	$ (165)	$ (165)
Commercial loans:							
Current period gross write-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Current period recoveries	—	—	—	—	—	53	53
Current period net (write-offs) recoveries	$ —	$ —	$ —	$ —	$ —	$ 53	$ 53
Consumer loans:							
Current period gross write-offs	$ —	$ (40)	$ (279)	$ (1)	$ (2)	$ (68)	$ (390)
Current period recoveries	—	—	15	—	3	33	51
Current period net (write-offs) recoveries	$ —	$ (40)	$ (264)	$ (1)	$ 1	$ (35)	$ (339)

6. Servicing

At December 31, 2024 and 2023 one- to four-family residential mortgage loans serviced for others amounted to approximately $7.2 million and $8.0 million, respectively. These loans are not included in the accompanying consolidated statements of financial condition. A portion of the serviced loan portfolio, with outstanding balances totaling $6.3 million and $7.1 million at December 31, 2024 and 2023, was sold with limited recourse provisions. See Note 18 for further information.

The balance of capitalized servicing rights included in other assets at December 31, 2024 and 2023 was $5,000 and $6,000, respectively. Annual amortization of servicing rights is immaterial.

7. Allowance for Loan Loss

The following tables summarize the activity related to the allowance for credit losses for the years ended December 31, 2024 and 2023:

(In thousands)	Year Ended December 31, 2024 Beginning Balance	Credit Loss Expense for the Period	Write-offs During the Period	Recoveries During the Period	Ending Balance
Residential mortgage loans:					
One- to four-family	$ 1,184	$ 13	$ (24)	$ 4	$ 1,177
Commercial loans:					
Real estate - nonresidential	495	(50)	—	—	445
Commercial business	206	180	(275)	25	136
Consumer loans:					
Home equity and junior liens	102	14	—	1	117
Automobile	242	70	(179)	46	179
Student	12	(2)	(5)	4	9
Recreational vehicle	369	1,224	(1,015)	67	645
Other consumer	363	(242)	(76)	33	78
	$ 2,973	$ 1,207	$ (1,574)	$ 180	$ 2,786

(In thousands)	Year Ended December 31, 2023 Beginning Balance	Additional Allowance Recognized Due to Adoption of Topic 326	Credit Loss Expense for the Period	Write-offs During the Period	Recoveries During the Period	Ending Balance
Residential mortgage loans:						
One- to four-family	$ 787	$ 115	$ 445	$ (167)	$ 4	$ 1,184
Construction	2	—	(2)	—	—	—
Commercial loans:						
Real estate - nonresidential	319	325	(149)	—	—	495
Multi-family	4	(4)	—	—	—	—
Commercial business	248	92	(187)	—	53	206
Consumer loans:						
Home equity and junior liens	65	(9)	78	(32)	—	102
Manufactured homes	110	(110)	—	—	—	—
Automobile	135	106	98	(142)	45	242
Student	55	(38)	26	(36)	5	12
Recreational vehicle	646	(646)	542	(173)	—	369
Other consumer	126	169	76	(9)	1	363
	$ 2,497	$ —	$ 927	$ (559)	$ 108	$ 2,973

During 2024, there was a partial charge-off of a commercial business loan relationship that the Bank deemed to be not indicative of the compliment of the loan portfolio and therefore excluded it from their charge-off history for the loan type as it was not based on the credit worthiness of the borrower.

At December 31, 2024 and 2023 there was a $6,000 liability recorded for unfunded loan commitments.

8. Federal Home Loan Bank of New York Stock

The Bank is required to maintain an investment in the stock of the Federal Home Loan Bank of New York ("FHLB") in an amount equal to at least 1% of the unpaid principal balances of the Bank's residential mortgage loans or 1/20 of its outstanding advances from the FHLB, whichever is greater. Purchases and sales of stock are made directly with the FHLB at par value.

9. Premises and Equipment

A summary of the cost and accumulated depreciation of premises and equipment is as follows:

(In thousands)	At December 31, 2024	At December 31, 2023
Premises:		
Land	$ 3,827	$ 3,827
Buildings and improvements	16,703	17,763
Equipment	3,868	7,332
Construction in progress	135	205
	24,533	29,127
Less: Accumulated depreciation	11,201	14,932
	$ 13,332	$ 14,195

10. Intangible Assets and Goodwill

Intangible assets and goodwill are summarized as follows:

	At December 31, 2024		
(in thousands)	Gross Carrying Amount	Accumulated Amortization	Net Value
Amortized intangible assets:			
Non-compete agreements	$ —	$ —	$ —
Core deposit intangible	964	(375)	589
Goodwill	—	—	—
	$ 964	$ (375)	$ 589

	At December 31, 2023		
(in thousands)	Gross Carrying Amount	Accumulated Amortization	Net Value
Amortized intangible assets:			
Non-compete agreements	$ —	$ —	$ —
Core deposit intangible	964	(310)	654
Goodwill	—	—	—
	$ 964	$ (310)	$ 654

On December 28, 2016, the Company purchased the John G. Sweeney Agency, Inc. The acquisition of this insurance agency included both the purchase of all issued and outstanding common stock of the corporation and a non-compete agreement. Upon the acquisition of the agency, the corporation was dissolved and the value remitted for the purchase of said common shares was recorded as goodwill of $465,000, having no tangible assets associated with the transaction. In consideration for a non-compete covenant covering seven (7) years, the seller was paid $5,000, which was recorded as an intangible asset and is amortized over the seven-year period starting January 1, 2017. The goodwill was extinguished as a result of the sale of Generations Agency's book of business to The Northwoods Corporation on June 1, 2023.

On September 29, 2018, the Company merged Medina Savings and Loan Association ("MSL") into Generations Bank. The transaction was structured as a merger with a mutual entity. The consideration paid represents the appraised value of MSL. 171,440 shares of Company stock were issued to the Mutual Holding Company based on the market price per share of the Company as of the date of the merger. The assets and liabilities of MSL were marked to fair value as of the date of the merger. The fair value of the Core Deposit Intangible ("CDI"), was determined using such factors as deposit mix, interest costs, fee income generated, and servicing costs. It is the economic benefit that a holder of deposits could expect to realize from the deposit base versus using an alternative source of funds. The CDI valuation employed a discounted cash flow analysis to determine the fair value of the acquired core deposits to fund operations, versus using comparable term (i.e. term to maturity) wholesale borrowings. As of the valuation date, the intangible value of MSL's core deposits was, in aggregate, $964,000 on a pre-tax basis, equal to 2.50% of the acquired core deposits. The fair value calculations include the present value of tax benefits assuming the intangible asset is amortized on a straight-line basis over 15 years with an effective tax rate of 21%.

Amortization expense for the core intangible asset for the year ended December 31, 2024 was $64,000, as well as the estimated aggregate amortization expense for each of the five succeeding years is summarized as follows:

For Years Ended December 31,		**Amortization Expense**
(In thousands)		
2025	$	64
2026		64
2027		64
2028		64
2029		64
	$	320

Goodwill previously recorded was being amortized for federal and state income tax purposes.

There were no impairment losses on intangible assets for the years ended December 31, 2024 and 2023.

11. Deposits

Deposits, by deposit type, are summarized as follows:

	At December 31,			
(In thousands)		**2024**		**2023**
Checking accounts, non-interest bearing	$	48,340	$	51,528
Checking accounts, interest-bearing		35,582		35,110
Money market accounts		17,546		19,164
Savings accounts		79,043		80,520
Time deposits		145,950		171,284
	$	326,461	$	357,606

We participate in reciprocal deposit services for our customers through the CDARS and Insured Cash Sweep networks. Included in time deposits in the above table are $8.2 million and $59.9 million in these reciprocal deposits as of December 31, 2024 and 2023, respectively. All brokered time deposits had balances less than $250,000. Early withdrawal of these deposits is not permitted.

Scheduled maturities of time deposits, including those that were obtained through the third-party broker, are summarized as follows:

(In thousands)	At December 31, 2024
2025	$ 134,478
2026	4,108
2027	5,430
2028	1,495
2029	439
Thereafter	—
	$ 145,950

The aggregate amount of time deposits with balances equal to or greater than $250,000 was $35.1 million and $37.3 million at December 31, 2024 and 2023, respectively.

12. Borrowings

The composition of borrowings is as follows:

	At December 31,	
(In thousands)	2024	2023
Long-term:		
FHLB fixed-rate term advances	$ 14,981	$ 15,281
FHLB fixed-rate amortizing advances	4,915	8,296
Total long-term borrowings	$ 19,896	$ 23,577

The principal balances and interest rates of the above fixed-rate borrowings are as follows:

	At December 31, 2024	
(In thousands)	Principal	Rates
Long-term:		
FHLB fixed-rate term advances	$ 14,981	0.00%-4.88%
FHLB fixed-rate amortizing advances	4,915	0.96%-4.86%
Total long-term borrowings	$ 19,896	

	At December 31, 2023	
(In thousands)	Principal	Rates
Long-term:		
FHLB fixed-rate term advances	$ 15,281	0.00%-4.88%
FHLB fixed-rate amortizing advances	8,296	0.96%-4.86%
Total long-term borrowings	$ 23,577	

The maturities of long-term borrowings are as follows:

(In thousands)	At December 31, 2024	At December 31, 2023
Long-term:		
Due within 1 year	$ 2,435	$ 3,577
Due within 2 years	5,296	1,526
Due within 3 years	6,096	6,333
Due within 4 years	5,904	6,175
Due within 5 years	99	5,801
Thereafter	66	165
Total long-term borrowings	$ 19,896	$ 23,577

The Bank had $74.7 million borrowing availability with the FHLB at December 31, 2024. The Bank's aggregate unused FHLB borrowing capacity was approximately $53.8 million at December 31, 2024.

FHLB borrowings are secured by the Bank's investment in FHLB stock and by a blanket security agreement. This agreement requires the Bank to maintain as collateral certain qualifying assets (principally FHLB stock and residential mortgage loans) not otherwise pledged, with a fair value (as defined) at least equal to 120% of outstanding advances, or $23.9 million and $28.3 million at December 31, 2024 and 2023. Residential mortgage loans with a carrying value of $109.9 million and $106.6 million at December 31, 2024 and 2023 and FHLB stock with a carrying value of $1.4 million and $1.6 million at December 31, 2024 and 2023 have been pledged by the Company under the blanket collateral agreement to secure the Company's borrowings. Additional borrowings are available to the Bank upon delivery of investment securities and/or loans secured by non-residential property.

The Bank has a $10.0 million unsecured line of credit with a correspondent bank. The Bank also has one additional unsecured fed funds line of credit totaling $5.0 million. At December 31, 2024 and 2023 there were no outstanding advances on these lines.

13. Income Taxes

The Company's income tax expense (benefit) included in the consolidated statements of operations is as follows:

(In thousands)	Year Ended December 31, 2024	Year Ended December 31, 2023
Current tax expense:		
Federal	$ —	$ —
State	55	19
Total current tax expense	55	19
Deferred tax benefit:		
Federal	—	(444)
Total deferred tax benefit	—	(444)
Expense (Benefit) for income taxes	$ 55	$ (425)

The Company files consolidated Federal income and New York State franchise tax returns on a calendar year basis. The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are recorded in either other assets or other liabilities on the consolidated statements of financial condition and are as follows as of December 31:

	At December 31,	
(In thousands)	2024	2023
Assets:		
Deferred compensation	$ 191	$ 142
Accrued compensation	—	69
Allowance for loan losses	602	656
Net operating loss carryforward	2,570	1,369
Investment securities, unrealized losses	710	698
Nonaccrual interest	54	49
Depreciation	11	—
Equity incentive plan	23	16
Other	126	95
	4,287	3,094
Liabilities:		
Pension	(3,375)	(2,736)
Intangible assets	(107)	(118)
Mortgage servicing rights	(1)	—
Depreciation	—	(65)
Other	—	(1)
	(3,483)	(2,920)
Net deferred tax asset	804	174
Deferred tax asset valuation allowance	(804)	(174)
	$ —	$ —

Realization of deferred tax assets is dependent upon the generation of future taxable income or the existence of sufficient taxable income within the carry back period. A valuation allowance is provided when it is more likely than not that some portion, or all of the deferred tax assets, will not be realized. In assessing the need for a valuation allowance, management considers the scheduled reversal of the deferred tax liabilities, the level of historical taxable income, and the projected future level of taxable income over the periods in which the temporary differences comprising the deferred tax assets will be deductible. The judgment about the level of future taxable income is inherently subjective and is reviewed on a continual basis as regulatory and business factors change.

During the fourth quarter of 2023, the Company made the determination to establish a full valuation allowance for its deferred tax assets. Current and future impacts of business and economic factors considered in this determination include, but are not limited to: increased interest rates and competition, slowed loan growth, reduced money supply, management turnover, and more assertive regulators. Based on the Company's recent history of taxability, uncertain profitability in future years, and assessment of the factors discussed above, it was determined to be more likely than not that the Company would not realize its net deferred tax assets, and accordingly a full valuation allowance was recorded against these assets in 2023 in the amount of $174,000. While the Company continues to monitor future business developments, economic conditions, and potential changes in tax strategies, management believes that the uncertainty surrounding the Company's ability to generate taxable income over the necessary periods to realize its deferred tax assets remains high. As of December 31, 2024, the Company's full valuation allowance was $804,000.

At December 31, 2024, Generations Bancorp had pre-2018 net operating loss carryforwards of approximately $860,000 which expire in years 2033-2037. Additionally, Generations Bancorp has loss carryforwards of $11.4 million with no expiration period. At December 31, 2024, Generations Bancorp had a full valuation allowance against their net operating loss carryforwards.

Our federal and state tax returns are statutorily subject to potential audit for the years 2021 through 2024. No income tax returns are under audit as of December 31, 2024.

As a thrift institution, the Bank is subject to special provisions in the tax laws regarding its allowable tax bad debt deductions and related tax bad debt reserves. These deductions are determined using methods based on loss experience or a percentage of taxable income. Tax bad debt reserves represent the excess of allowable deductions over actual bad debt losses, and include a defined base-year amount. Deferred tax liabilities are recognized with respect to reserves in excess of the base-year amount, as well as any portion of the base-year amount that is expected to become taxable (or “recaptured”) in the foreseeable future. The Bank’s base-year tax bad debt reserves totaled $332,000 for Federal tax purposes at December 31, 2024 and 2023.

14. Employee Benefit Plans

401(k) Plan

The Company provides for a savings and retirement plan for employees, which qualifies under section 401(k) of the Internal Revenue Code. The plan provides for voluntary contributions by participating employees ranging from one percent to fifteen percent of their compensation, subject to certain limitations. In addition, the Company will make a matching contribution, equal to 25% of the employee’s contribution. Matching contributions vest to the employee ratably over a five-year period. For the years ended December 31, 2024 and 2023, expense attributable to contributions made by the Company amounted to $63,000 and $64,000, respectively.

Defined Benefit Plan

The Company provides pension benefits for eligible employees through two defined benefit pension plans (the “Plans”). The original plan accrues benefits for employees of Generations Bank that were hired prior to October 1, 2016. A second plan was acquired with the MSL merger and covers MSL employees that were participants of that plan effective September 30, 2018. Both plans have been frozen to new employees and cover eligible Company employees at least 21 years of age and with at least one year of service. Eligible employees participate in the retirement plan on a non-contributing basis, and are fully vested after five years of service. Benefit payments to retired employees are based upon the length of service and percentages of average compensation over the employees’ service period. Contributions are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future. On July 3, 2024, the Board of Directors approved a hard freeze of the plans. The plans were frozen as of July 31, 2024.

The following tables set forth the changes in the Plans' benefit obligations, fair value of plan assets and the plans' funded status as of:

Generations Bank Plan: *(In thousands)*	At December 31, 2024	At December 31, 2023
Change in benefit obligations:		
Benefit obligations at beginning of year	$ 8,510	$ 8,003
Service Cost	97	239
Interest cost	465	471
Actuarial (gain) loss	(450)	78
Curtailment gain	(571)	-
Benefit paid	(447)	(281)
Benefit obligations at end of year	7,604	8,510
Change in plan assets:		
Fair value of plan assets at beginning of year	18,553	16,167
Actual gain return on plan assets	1,978	2,306
Benefits paid	(447)	(281)
Employer contributions	-	361
Fair value of plan assets at end of year	20,084	18,553
Funded Status	$ 12,480	$ 10,043

Medina Savings and Loan Plan: *(In thousands)*	At December 31, 2024	At December 31, 2023
Change in benefit obligations:		
Benefit obligations at beginning of year	$ 2,378	$ 2,326
Service cost	9	12
Interest cost	130	134
Actuarial (gain) loss	(82)	88
Curtailment gain	(60)	—
Benefits paid	(194)	(182)
Benefit obligations at end of year	2,181	2,378
Change in plan assets:		
Fair value of plan assets at beginning of year	5,362	4,859
Actual gain return on plan assets	605	685
Benefits paid	(194)	(182)
Fair value of plan assets at end of year	5,773	5,362
Funded Status	$ 3,592	$ 2,984

Amounts recognized in accumulated other comprehensive loss are as follows:

Generations Bank Plan: *(In thousands)*	Year Ended December 31, 2024	Year Ended December 31, 2023
Unrecognized net loss	$ 197	$ 1,789
Tax Effect	41	375
	$ 156	$ 1,414

Medina Savings and Loan Plan: *(In thousands)*	**Year Ended December 31, 2024**	**2023**
Unrecognized net gain	$ (291)	$ 51
Tax Effect	(61)	11
	$ (230)	$ 40

The accumulated benefit obligation for the Generations Bank defined benefit pension plan was $7,603,000 and $7,811,000 at December 31, 2024 and 2023, respectively. The accumulated benefit obligation for the Medina Savings and Loan defined benefit pension plan was $2,181,000 and $2,328,000 at December 31, 2024 and 2023, respectively.

The assumptions used to determine the benefit obligations are as follows:

Generations Bank Plan:	**At December 31, 2024**	**2023**
Weighted average discount rate	6.05 %	5.77 %
Rate of increase in future compensation levels	— %	4.00 %

Medina Savings and Loan Plan:	**At December 31, 2024**	**2023**
Weighted average discount rate	6.34 %	5.79 %
Rate of increase in future compensation levels	— %	4.00 %

The Company elects to use an analysis of the Plans expected future cash flows and high-quality fixed income investments currently available and expected to be available during the period to maturity of the pension benefits to yield the discount rates shown. This method determines the interest rate used to discount the expected cash flows from the retirement plan, establishing the pension benefit obligation and the post-retirement benefit obligation at December 31st of each year.

Each discount rate was developed by matching the expected future cash flows to high quality bonds. Every bond considered has earned ratings of at least AA by Fitch Group, AA by Standard & Poor's, or Aa2 by Moody's Investor Services. The bonds were not callable and their price was based on the most recent market transaction in the 75 days prior to the fiscal year end. Fixed coupon and zero coupon bonds were considered.

The components of net periodic pension expense and amounts recognized in other comprehensive income are as follows:

Generations Bank Plan: *(In thousands)*	**Year Ended December 31, 2024**	**2023**
Net periodic expenses recognized in income:		
Service cost	$ 97	$ 239
Interest cost	465	471
Expected return on plan assets	(1,407)	(1,225)
Amortization of net losses	—	161
Net periodic pension benefit	(845)	(354)
Other changes in plan assets and benefit obligations recognized in other comprehensive income:		
Net actuarial gain	(1,592)	(1,163)
Total recognized in other comprehensive income	(1,592)	(1,163)
Total recognized in net periodic pension benefit and other comprehensive income	$ (2,437)	$ (1,517)

Medina Savings and Loan Plan: *(In thousands)*	**Year Ended December 31, 2024**	**2023**
Net periodic expenses recognized in income:		
Service cost	$ 9	$ 12
Interest cost	130	134
Expected return on plan assets	(405)	(357)
Net periodic pension benefit	(266)	(211)
Other changes in plan assets and benefit obligations recognized in other comprehensive income:		
Net actuarial gain	(343)	(240)
Total recognized in other comprehensive income	(343)	(240)
Total recognized in net periodic pension benefit and other comprehensive income	$ (609)	$ (451)

The estimated amount that will be amortized from accumulated other comprehensive loss on the Generations Bank plan into net periodic expense for the year ending December 31, 2025 is $0. The estimated amount that will be amortized from accumulated other comprehensive income on the Medina Savings and Loan plan into net periodic expense for the year ending December 31, 2025 is $0.

The following weighted-average assumptions were used to determine net periodic pension expense:

Generations Bank Plan:	**At December 31, 2024**	**2023**
Weighted average discount rate	5.77 %	6.02 %
Long-term rate of return on plan assets	7.50 %	7.50 %
Rate of increase in future compensation levels	— %	4.00 %

Medina Savings and Loan Plan:	**At December 31, 2024**	**2023**
Weighted average discount rate	5.79 %	6.01 %
Long-term rate of return on plan assets	7.50 %	7.50 %
Rate of increase in future compensation levels	— %	4.00 %

The following tables show the expected benefit payments to be paid to participants for the years ended December 31:

Generations Bank Plan: *(In thousands)*	Amount
2025	$ 359
2026	348
2027	474
2028	521
2029	518
2030-2034	2,933

Medina Savings and Loan Plan: *(In thousands)*	Amount
2025	$ 180
2026	178
2027	185
2028	182
2029	179
2030-2034	846

Investment Policies and Strategies

Plan assets in both plans are invested in diversified investment funds that include equity and bond mutual funds, each with its own investment objectives, investment strategies, and risks, as detailed in each fund's prospectus. The Plan Sponsor determines the appropriate strategic asset allocation in accordance with the plan's long-term investment objectives. The long-term investment objectives for both pension plans are to generate a return on plan assets that will meet or exceed the rate at which long-term obligations will grow to assist in maintaining plan assets at a level that will sufficiently cover long-term obligations.

Pension plan assets measured at fair value are summarized below. Level 1 values are determined using quoted prices in active markets; Level 2 values are based on significant observable inputs; and Level 3 values are estimated based on significant unobservable inputs.

The risk/volatility in the investments of the Generations Bank pension plan and the Medina Savings and Loan pension plan are managed by maintaining a broadly diversified combination of equity and fixed income portfolios with ample diversification within each fund as well. The current target allocation of both Plans' assets is 65% in equity securities (stock and commodity mutual funds) and 35% in debt securities (bond mutual funds).

Generations Bank Plan:	**At December 31, 2024**			
(In thousands)	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
Asset Category:				
Equities and Commodities:				
(1) Equity Income Separate Account -Z	$ —	$ 1,575	$ —	$ 1,575
(2) Large Cap S&P 500 Index Separate Account -Z	—	3,278	—	3,278
(3) Blue Chip Separate Account-Z	—	1,658	—	1,658
(4) Mid-Cap Value Separate Account -Z	—	982	—	982
(5) Mid-Cap S&P 400 Index Separate Account Z	—	1,404	—	1,404
(6) Mid-Cap Growth Separate Account-Z	—	1,074	—	1,074
(7) Small-Cap Separate Account-Z	—	1,213	—	1,213
(8) Small-Cap S&P 600 Index Separate Account Z	—	1,189	—	1,189
(9) Global Emerging Markets Separate Acct-Z	—	741	—	741
Fixed Income:				
(10) Liquid Assets Separate Account-Z	—	7	—	7
(11) LDI Short Duration Separate Account-Z	—	1,011	—	1,011
(12) Core Fixed Income Separate Account-Z	—	1,986	—	1,986
(13) Core Plus Bond Separate Account-Z	—	3,966	—	3,966
Total	$ —	$ 20,084	$ —	$ 20,084

Generations Bank Plan:

	At December 31, 2023			
(In thousands)	Level 1	Level 2	Level 3	Total Fair Value
Asset Category:				
Equities and Commodities:				
(1) Equity Income Separate Account -Z	$ —	$ 1,489	$ —	$ 1,489
(2) Large Cap S&P 500 Index Separate Account -Z	—	2,967	—	2,967
(3) Blue Chip Separate Account-Z	—	1,555	—	1,555
(4) Mid-Cap Value Separate Account -Z	—	931	—	931
(5) Mid-Cap S&P 400 Index Separate Account Z	—	1,322	—	1,322
(6) Mid-Cap Growth Separate Account-Z	—	909	—	909
(7) Small-Cap Separate Account-Z	—	1,171	—	1,171
(8) Small-Cap S&P 600 Index Separate Account Z	—	1,129	—	1,129
(9) Global Emerging Markets Separate Acct-Z	—	724	—	724
Fixed Income:				
(10) Liquid Assets Separate Account-Z	—	21	—	21
(11) LDI Short Duration Separate Account-Z	—	878	—	878
(12) Core Fixed Income Separate Account-Z	—	1,811	—	1,811
(13) Core Plus Bond Separate Account-Z	—	3,646	—	3,646
Total	$ —	$ 18,553	$ —	$ 18,553

Medina Savings and Loan Plan:

	At December 31, 2024			
(In thousands)	Level 1	Level 2	Level 3	Total Fair Value
Asset Category:				
Equities and Commodities:				
(1) Equity Income Separate Account -Z	$ —	$ 452	$ —	$ 452
(2) Large Cap S&P 500 Index Separate Account -Z	—	939	—	939
(3) Blue Chip Separate Account-Z	—	476	—	476
(4) Mid-Cap Value Separate Account -Z	—	282	—	282
(5) Mid-Cap S&P 400 Index Separate Account Z	—	402	—	402
(6) Mid-Cap Growth Separate Account-Z	—	308	—	308
(7) Small-Cap Separate Account-Z	—	348	—	348
(8) Small-Cap S&P 600 Index Separate Account Z	—	341	—	341
(9) Global Emerging Markets Separate Acct-Z	—	212	—	212
Fixed Income:				
(10) Liquid Assets Separate Account-Z	—	16	—	16
(11) LDI Short Duration Separate Account-Z	—	290	—	290
(12) Core Fixed Income Separate Account-Z	—	570	—	570
(13) Core Plus Bond Separate Account-Z	—	1,137	—	1,137
Total	$ —	$ 5,773	$ —	$ 5,773

Medina Savings and Loan Plan:

(In thousands)	At December 31, 2023 Level 1	Level 2	Level 3	Total Fair Value
Asset Category:				
Equities and Commodities:				
(1) Equity Income Separate Account -Z	$ —	$ 430	$ —	$ 430
(2) Large Cap S&P 500 Index Separate Account -Z	—	856	—	856
(3) Blue Chip Separate Account-Z	—	448	—	448
(4) Mid-Cap Value Separate Account -Z	—	269	—	269
(5) Mid-Cap S&P 400 Index Separate Account Z	—	381	—	381
(6) Mid-Cap Growth Separate Account-Z	—	262	—	262
(7) Small-Cap Separate Account-Z	—	338	—	338
(8) Small-Cap S&P 600 Index Separate Account Z	—	326	—	326
(9) Global Emerging Markets Separate Acct-Z	—	209	—	209
Fixed Income:				
(10) Liquid Assets Separate Account-Z	—	16	—	16
(11) LDI Short Duration Separate Account-Z	—	253	—	253
(12) Core Fixed Income Separate Account-Z	—	522	—	522
(13) Core Plus Bond Separate Account-Z	—	1,052	—	1,052
Total	$ —	$ 5,362	$ —	$ 5,362

(1) Equity Income Separate Account-Z: The investment seeks to provide current income and long-term growth of income and capital. Under normal circumstances, the fund invests at least 80% of its net assets, plus any borrowings for investment purposes, in dividend-paying equity securities at the time of purchase. It usually invests in equity securities of companies with large and medium market capitalizations. The fund invests in value equity securities, an investment strategy that emphasizes buying equity securities that appear to be undervalued.

(2) The investment option normally invests the majority of assets in common stocks of companies that compose the S&P 500 Index. Management attempts to mirror the investment performance of the index by allocating assets in approximately the same weightings as the S&P 500 Index. Over the long-term, management seeks a very close correlation between the performance of the Separate Account before expenses and that of the S&P 500 Index.

(3) The investment seeks long-term growth of capital. The fund normally invests at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities of companies with large market capitalizations at the time of purchase that, in the fund's investment advisor's opinion, display characteristics of a "blue chip" company. The advisor tends to focus on securities of companies that show potential for growth of capital as well as an expectation for above average earnings. The fund invests in securities of foreign companies, as well as companies with medium market capitalizations.

(4) The investment seeks long-term growth of capital. Under normal circumstances, the fund invests at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities of companies with medium market capitalizations at the time of purchase. It invests in value equity securities, an investment strategy that emphasizes buying equity securities that appear to be undervalued. The fund also invests in real estate investment trusts.

(5) The investment option normally invests the majority of assets in common stocks of companies that compose the S&P MidCap 400 Index. Management attempts to mirror the investment performance of the index by allocating assets in approximately the same weightings as the S&P MidCap 400 Index. Over the long-term, management seeks a very close correlation between the performance of the Separate Account before expenses and that of the S&P MidCap 400 Index.

(6) The investment option primarily invests in common stocks of medium capitalization companies with strong earnings growth potential. It normally invests the majority of assets in companies with market capitalizations similar to those companies in the Russell MidCap Growth Index. Management uses a bottom-up approach in selection of individual securities that it believes have an above average potential for earnings growth. It may invest up to 25% of assets in foreign securities.

(7) The investment seeks long-term growth of capital and primarily invests in common stocks of small capitalization companies. It normally invests the majority of assets in companies with market capitalizations similar to those of companies in the Russell 2000 Index. Management looks at stocks with value and/or growth characteristics and constructs an investment portfolio that has a blend of stocks with these characteristics. Management does not have a policy of preferring one of these styles to the other. The Separate Account may invest up to 25% of assets in foreign securities.

(8) The investment seeks long-term growth of capital and normally invests the majority of assets in common stocks of companies that compose the S&P SmallCap 600 Index. Management attempts to mirror the investment performance of the index by allocating assets in approximately the same weightings as the S&P SmallCap 600 Index. Over the long-term, management seeks a very close correlation between the performance of the Separate Account before expenses and that of the S&P SmallCap 600 Index.

(9) The investment option normally invests the majority of assets in equities of companies in emerging market countries. It invests in securities of companies with their principal place of business or principal office in emerging market countries; companies for which the principal securities trade in an emerging market; or companies, regardless of where their securities are traded, that derive 50% of their total revenue from either goods or services produced in emerging market countries. The fund may invest in securities of companies with small to medium market capitalizations.

(10) The investment seeks as high a level of current income as is considered consistent with preservation of principal and maintenance of liquidity. It invests in a portfolio of high quality, short-term instruments. The investments are U.S. dollar denominated securities which the sub-advisor believes present minimal credit risks. The sub-advisor maintains a dollar weighted average portfolio maturity of 60 days or less.

(11) The investment seeks to maximize total returns from the universe of debt securities in which the Portfolio invests. As a non-fundamental policy, under normal circumstances, the Portfolio will invest at least 80% of its net assets in fixed income securities considered to be investment grade quality. In addition, the Portfolio is authorized to invest more than 25% of its total assets in U.S. Treasury bonds, bills and notes, and obligations of federal agencies and instrumentalities.

(12) The investment seeks to provide a high level of current income consistent with preservation of capital. The fund invests primarily in a diversified pool of investment-grade fixed-income securities, including corporate securities, U.S. government securities, asset-backed securities and mortgage-backed securities. It maintains an average portfolio duration that is within from 75% to 125% of the duration of the Bloomberg Barclays US Aggregate Bond Index.

(13) The investment option invests primarily in intermediate term, fixed-income investments such as public and private corporate bonds, commercial and residential mortgages, asset-backed securities, and US government and agency-backed securities. Value is added primarily through sector allocation and security selection. The Separate Account may enter into reverse repurchase agreements to attempt to enhance portfolio return and income.

Determination of Long-Term Rate of Return

The long-term rate of return on assets assumption for both the Generations Bank Plan and the Medina Savings and Loan Plan were set based on historical returns earned by equities and fixed income securities, adjusted to reflect expectations of future returns as applied to the Plan's target allocation of asset classes. Equities and fixed income securities were assumed to earn real rates of return in the ranges of 5 - 9% and 2 - 6%, respectively. The long-term inflation rate was estimated to be 3%. When these overall return expectations are applied to the Plan's target allocation, the result is an expected rate of return of 6% - 10%.

Employee Stock Ownership Plan ("ESOP")

On July 10, 2006, the ESOP acquired 93,315 shares of Seneca-Cayuga Bancorp's common stock with funds provided by a loan from the Company. These shares like all other shares were exchanged into Company shares at the effective time of the 2021 second step conversion. The loan was repaid through annual installments through 2021. At December 31, 2021, unreleased shares totaled 3,104 and released shares totaled 90,032, both of which have been adjusted by the exchange ratio of 0.9981.

On January 12, 2021, the ESOP acquired 109,450 shares of the Company's common stock with funds provided by a loan from the Company. These new shares were combined with the remaining 3,104 unreleased shares acquired by the ESOP on July 10, 2006 for a total of 112,554 unreleased shares. The ESOP loan is repaid principally from the Bank's contributions to the ESOP. The loan is being repaid in annual installments through 2045 and bears interest at a fixed rate of 3.25%. Shares are released to participants proportionately as the loan is repaid and totaled 4,502 shares for the year ended December 31, 2024. Released shares from the ESOP totaled 108,040 shares with 90,032 attributable to the 2006 ESOP and 18,008 shares attributable to the 2021 ESOP. Unreleased shares totaled 94,546 for the year ended December 31, 2024. ESOP expense was $53,000 for the year ended December 31, 2024. At December 31, 2024, there were 94,546 shares unearned having an aggregate fair value of approximately $1.5 million based on a fair value per share of $16.00. The Company is obligated at the option of each participant to repurchase shares of the ESOP upon the participant's termination of employment or after retirement. The maximum repurchase obligation based on 108,040 shares released and fair value of $16.00 per share is $1.7 million at December 31, 2024. The maximum repurchase obligation based on 103,538 shares released and fair value of $10.14 per share was $1.0 million as of December 31, 2023.

Directors' Retirement Plan

In 2012, the Company adopted a Directors Retirement Plan for the benefit of its non-employee members of the Board of Directors. The program is a nonqualified deferred compensation arrangement designed to comply with Internal Revenue Code Section 409A. The Bank makes a supplemental contribution to the plan on an annual basis. The contributions are deposited into a rabbi trust and are thereby isolated from the Company's working capital. The grantor trust holds and distributes the funds according to the plan and trust documents. The fair value of the securities held in the rabbi trust was $372,000 and $316,000 at December 31, 2024 and 2023, respectively, and is included in equity investment securities. A liability of the same amount is included in other liabilities. Changes in the fair value of the underlying securities held in the rabbi trust are recorded as unrealized gains or losses on equity securities and a corresponding increase or decrease in directors' fees. In 2021, the Company expanded the Directors' Retirement Plan to allow participants to invest in the Company's stock. The fair value of the stock held in the rabbi trust was $510,000 and $343,000 at December 31, 2024 and 2023, respectively, and is reflected on the statement of condition as a liability. The cost of securities purchased and held in the rabbi trust was $338,000 at December 31, 2024 and 2023 and is reflected as a component of equity. Changes in the fair value of the underlying securities held in the rabbi trust are recorded as directors' fees with a corresponding increase or decrease in the liability. The unrealized gain recorded for the Directors' Retirement Plan for the year ended December 31, 2024 was $213,000. The unrealized gain recorded for the Directors' Retirement Plan for the year ended December 31, 2023 was $9,000. Expense attributable to contributions made by the Company amounted to $21,000 for the years ended December 31, 2024 and 2023.

Supplemental Executive Retirement Plan

A Supplemental Executive Retirement Plan was established in 2012, for the benefit of a select group of management or highly compensated employees. This plan is structured as an unfunded arrangement that complies with IRC Section 409A, and allows for annual supplemental contributions to the plan by the Bank. The contributions are deposited into a rabbi trust and are thereby isolated from the Company's working capital. The grantor trust holds and distributes the funds according to the plan and trust documents. The funds held at the rabbi trust are used to purchase the Company's common stock. The fair value of the stock held in the rabbi trust was $28,000 and $19,000 at December 31, 2024 and 2023, respectively, and is reflected on the statement of condition as a liability. The cost of securities purchased and held in the rabbi trust was $19,000 at December 31, 2024 and 2023 and is reflected as a component of equity. Changes in the fair value of the underlying securities held in the rabbi trust are recorded as compensation expense with a corresponding increase or decrease in the liability. The unrealized gain recorded for the year ended December 31, 2024 was $9,000. The unrealized loss recorded for the year ended December 31, 2023 was $75,000. The expense attributable to contributions made by the Company was $2,000 and $31,000 for the years ended December 31, 2024 and 2023, respectively.

15. Stock-Based Compensation

A summary of the Company's stock option activity and related information for its option plans for the years ended December 31, 2024 and 2023 is as follows:

	Year Ended December 31, 2024	
	Options	Weighted Average Exercise Price Per Share
Outstanding at beginning of year	132,977	$ 11.61
Grants	14,780	10.00
Exercised	(36,939)	11.60
Outstanding at year end	110,818	$ 11.40
Exercisable at year end	60,579	$ 11.53

	Year Ended December 31, 2023	
	Options	Weighted Average Exercise Price Per Share
Outstanding at beginning of year	132,977	$ 11.61
Grants	—	—
Exercised	—	—
Outstanding at year end	132,977	$ 11.61
Exercisable at year end	56,147	$ 11.61

An aggregate of 14,780 stock options were granted to the Chief Executive Officer during the year ended December 31, 2024. The grants vest over a five-year period in equal annual installments, with the first installment vesting on the first anniversary date of the grant and succeeding installments on each anniversary thereafter.

The compensation expense of the awards is based on the fair value of the instruments on the date of grant using the Black Scholes model. The Company recorded compensation expense in the amount of $73,000 and $177,000 for the years ending December 31, 2024 and 2023, respectively, with respect to the options.

An aggregate of 5,912 shares of restricted stock were granted to select members of management during the year ending December 31, 2024. These shares of restricted stock vest in the same manner as the stock options described above. The Company recorded compensation expense in the amount of $99,000 and $240,000 for the years ending December 31, 2024 and 2023, respectively, with respect to the shares of restricted stock.

Pursuant to the restricted stock and stock option agreements, vesting will automatically accelerate in the event of death, disability, retirement, or involuntary termination of service at or following a change in control. As a result of the death of our former President and Chief Executive Officer, Menzo D. Case, the Company recorded additional compensation expense of $91,000 related to the accelerated vesting of his unvested stock options and $123,000 related to the accelerated vesting of his unvested restricted stock for the year ending December 31, 2023.

16. Regulatory Capital and Supervision

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain amounts and ratios (set forth in the table below) of total core and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier 1 capital (as defined) to total adjusted assets (as defined).

Under applicable regulation, the Bank must hold a 2.50% capital conservation buffer above the adequately capitalized risk-based capital ratios. The net unrealized gain or loss on available-for-sale securities is not included in computing regulatory capital. Management believes as of December 31, 2024 and December 31, 2023, the Bank meets all capital adequacy requirements to which it is subject.

The Bank's actual capital amounts and ratios are as follows:

	Actual		Minimum For Capital Adequacy Purposes		Minimum To Be "Well-Capitalized" Under Prompt Corrective Provisions	
(in thousands)	**Amount**	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
As of December 31, 2024:						
Common Equity Tier 1 Capital	$ 34,685	12.28 %	$ 12,708	4.50 %	$ 18,357	6.50 %
Total Capital (to Risk-Weighted Assets)	$ 37,477	13.27 %	$ 22,593	8.00 %	$ 28,241	10.00 %
Tier 1 Capital (to Risk-Weighted Assets)	$ 34,685	12.28 %	$ 16,944	6.00 %	$ 22,593	8.00 %
Tier 1 Capital (to Total Adjusted Assets)	$ 34,685	8.93 %	$ 15,529	4.00 %	$ 19,412	5.00 %
As of December 31, 2023:						
Common Equity Tier 1 Capital	$ 39,288	12.83 %	$ 13,781	4.50 %	$ 19,907	6.50 %
Total Capital (to Risk-Weighted Assets)	$ 42,267	13.80 %	$ 24,500	8.00 %	$ 30,626	10.00 %
Tier 1 Capital (to Risk-Weighted Assets)	$ 39,288	12.83 %	$ 18,375	6.00 %	$ 24,500	8.00 %
Tier 1 Capital (to Total Adjusted Assets)	$ 39,288	9.37 %	$ 16,775	4.00 %	$ 20,969	5.00 %

The Company's goal is to maintain a strong capital position, consistent with the risk profile of its subsidiary bank that supports growth and expansion activities while at the same time exceeding regulatory standards. At December 31, 2024 and 2023, Generations Bank exceeded all regulatory required minimum capital ratios and met the regulatory definition of a "well-capitalized" institution, i.e. Tier 1 Capital (to Total Adjusted Asset) exceeding 5%, a common equity Tier 1 capital ratio exceeding 6.50%, a Tier 1 risk-based capital ratio exceeding 8.00% and a total risk-based capital ratio exceeding 10%.

By letter dated September 10, 2020, based on its supervisory profile, the Office of the Comptroller of the Currency ("OCC") established higher individual minimum capital ratios for Generations Bank. Specifically, effective September 10, 2020, Generations Bank is required to maintain a leverage ratio of 8.0% and a total capital ratio of 12.0%. The individual minimum capital ratios will remain in effect until terminated, modified, or suspended in writing by the OCC.

On July 19, 2024, Generations Bank entered into a written agreement (the "Agreement") with the OCC. The Agreement provides, among other things, that the Bank and/or its Board of Directors:

- Establish a Compliance Committee to monitor and oversee the Bank's compliance with the provisions of the Agreement, and to submit written progress reports to the Board that must be transmitted to the OCC;
- Prepare a written board oversight and corporate governance program to provide for the overall direction, oversight, and corporate governance of the Bank;
- Prepare a written strategic plan for the Bank covering at least a three-year period, and to submit evaluations of the Bank's performance against the strategic plan to the Board and to the OCC;

- Develop a written liquidity risk management program for the Bank, to include, among other things, a contingency funding plan; and

- Develop a written interest rate risk management program for the Board, to include risk management systems to identify, measure, monitor, and control interest rate risk.

The Bank is committed to ensuring continued compliance with the provisions of the Agreement.

17. Dividends and Restrictions

The Company's ability to pay dividends to its shareholders is largely dependent on the Bank's ability to pay dividends to the Company. In addition to the capital requirements discussed in Note 16, the circumstances under which the Bank may pay dividends are limited by federal statutes, regulations and policies. Generally, the amount of dividends the Bank may pay is equal to its net income for the year plus its net income for the prior two years that are still available for dividends. The amount of retained earnings legally available under these regulations approximated $0 as of December 31, 2024. Dividends paid by the Bank to the Company would be prohibited if the effect thereof would cause the Bank's capital to be reduced below applicable minimum capital requirements.

18. Commitments and Contingencies

Credit Commitments

The Bank is a party to financial instruments with off-balance sheet risk in the normal course of business in order to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit, which involve, to varying degrees, elements of credit, interest rate, or liquidity risk in excess of the amount recognized in the consolidated statements of financial condition. The Bank's exposure to credit loss in the event of non-performance by the other party to the financial instrument for commitments to extend credit is represented by the contractual amounts of those instruments. The Bank has experienced minimal credit losses to date on its financial instruments with off-balance sheet risk and management does not anticipate any significant losses on its commitments to extend credit outstanding at December 31, 2024.

Financial instruments whose contract amounts represent credit risk consist of the following:

(In thousands)	At December 31, 2024	At December 31, 2023
Commitments to grant loans	$ 486	$ 987
Unfunded commitments under lines of credit	13,495	14,375

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. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since some of the commitment amounts 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 counter party. Collateral held varies but may include residential real estate and income-producing commercial properties. Loan commitments, including unused lines of credit and standby letters of credit, outstanding at December 31, 2024 with fixed interest rates amounted to approximately $9.6 million. Loan commitments, including unused lines of credit and standby letters of credit, outstanding at December 31, 2024 with variable interest rates amounted to approximately $4.4 million. Loan commitments, including unused lines of credit and standby letters of credit, outstanding at December 31, 2023 with fixed interest rates amounted to approximately $11.5 million. Loan commitments, including unused lines of credit and standby letters of credit, outstanding at December 31, 2023 with variable interest rates amounted to approximately $3.8 million. These outstanding loan commitments carry current market rates.

Unfunded commitments under revolving credit lines and overdraft protection agreements are commitments for possible future extensions of credit to existing customers. These lines of credit usually do not contain a specified maturity date and may not be drawn upon to the total extent to which the Company is committed.

Letters of credit written are conditional commitments issued by the Company to guarantee the performance of a customer to a third-party. Generally, all letters of credit, when issued have expiration dates. The credit risk involved in issuing letters of credit is essentially the same as those that are involved in extending loan facilities to customers. The Company generally holds collateral and/or personal guarantees supporting these commitments. Management believes that the proceeds obtained through a liquidation of collateral and the enforcement of guarantees would be sufficient to cover the potential amount of future payments required under the corresponding guarantees.

The Company maintains a separate reserve for credit losses on off-balance sheet credit exposures, including unfunded loan commitments, which is included in other liabilities on the consolidated balance sheet. The reserve for credit losses on off-balance sheet credit exposures is adjusted as a provision for credit losses in the income statement. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life, utilizing the same models and approaches for the Company's other loan portfolio segments described above, as these unfunded commitments share similar risk characteristics as its loan portfolio segments. The Company has identified the unfunded portion of certain lines of credit as unconditionally cancellable credit exposures, meaning the Company can cancel the unfunded commitment at any time. No credit loss is reported for off-balance sheet credit exposures that are unconditionally cancellable by the Company or for undrawn amounts under such arrangements that may be drawn prior to the cancellation of the arrangement. On January 1, 2023, the Company did not record an adjustment for unfunded commitments for the adoption of ASC Topic 326. For the year ended December 31, 2024, the Company did not record a provision for credit losses for unfunded commitments. At December 31, 2024, the liability for credit losses on off-balance sheet credit exposures included in other liabilities was $6,000.

Commitments to Originate and Sell One- to Four-Family Residential Mortgages

The Bank has sold and funded $68.6 million of loans to the Federal Home Loan Bank of New York as part of its Mortgage Partnership Finance Program ("MPF Program"), inclusive of USDA loans, to date. The principal outstanding balance on loans sold under the MPF Program is $6.3 million at December 31, 2024. The Bank continues to service loans sold under the MPF Program.

Under the terms of the MPF Program, there is limited recourse to the Bank for loans that do not perform in accordance with the terms of the loan agreement. Each loan that is sold under the program is "credit enhanced" such that the individual loan's rating is raised to "AA," as determined by the Federal Home Loan Bank of New York. The sum of each individual loan's credit enhancement represents the total recourse back to the Bank. The total recourse back to the Bank for loans sold was $707,000 at December 31, 2024. A portion of the recourse is offset by a "first loss account" to which funds are allocated by the Federal Home Loan Bank of New York annually in January. The balance of the "first loss account" allocated to the Bank is $97,000 at December 31, 2024. In addition, many of the loans sold under the MPF Program have primary mortgage insurance, which reduces the Bank's overall exposure. The potential liability for the recourse is considered when the Bank determines its allowance for credit losses.

Lease Commitments

There are no future minimum lease commitments at December 31, 2024.

19. Concentrations of Credit Risk

The majority of the Company's activities are with customers located in the Finger Lakes Region of New York, but we have now expanded our market footprint to include Orleans County, located Northwest of the Finger Lakes, and diversified our loan portfolio with loans purchased from areas outside of the local region. See notes 4, 5, and 18 to the consolidated financial statements that discuss the types of securities that the Company invests in, the types of lending the Company engages in, and commitments outstanding. The Company does not have any significant concentrations in any one industry or customer. From time to time, the Bank will maintain balances with its correspondent banks that exceed the $250,000 federally insured deposit limits. At December 31, 2024 and 2023, the Company's cash accounts did not materially exceed federally insured limit of $250,000. At December 31, 2024 and 2023, the Company held $7,238,000 and $8,530,000 at the Federal Home Loan Bank and Federal Reserve Bank, which are not subject to FDIC limits. Management routinely evaluates the credit worthiness of these correspondent banks, and does not feel they pose a significant risk to the Company.

20. Related Party Transactions

Certain officers, directors, and their affiliates are engaged in transactions with the Bank in the ordinary course of business. It is the Bank's policy that all related party transactions are conducted at "arm's length" and all loans and commitments included in such transactions are made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other customers.

The following is a summary of the loans made to officers, directors, and their affiliates:

(In thousands)	Year Ended December 31, 2024	Year Ended December 31, 2023
Beginning balance	$ 1,034	$ 2,045
Originations	—	97
Payments and change in status	(157)	(1,108)
Ending balance	$ 877	$ 1,034

The aggregate amount of deposits owned by related parties was $4.5 million and $4.0 million at and December 31, 2024 and 2023.

21. Revenue from Contracts with Customers

The majority of the Company's revenue-generating transactions are not subject to ASC Topic 606, including revenue generated from financial instruments, such as loans and investment securities, which are presented in our consolidated statements of operations as components of net interest income. All of the Company's revenue from contracts with customers in the scope of Topic 606 is recognized within non-interest income.

The following table presents revenues subject to Topic 606:

(In thousands)	Year Ended December 31, 2024	Year Ended December 31, 2023
Service charges on deposit accounts	$ 512	$ 541
Debit card interchange and surcharge income	677	731
Insurance commissions	2	156
Net gain on sale of Generations Agency	—	312
Loan servicing fees	148	139
	$ 1,339	$ 1,879

Service charges on deposit accounts: The Company earns fees from its deposit customers for transaction-based, account maintenance, and overdraft services. Transaction-based fees, which include services such as stop payment charges, wire transfers, and official check charges, are recognized at the time the transaction is executed as that is the point in time the Company fulfills the customer's request. Account maintenance and inactivity fees, which relate primarily to monthly maintenance and servicing, are recognized at the end of the month in which maintenance occurs. Overdraft fees are recognized at the point in time that the overdraft occurs. Service charges on deposit accounts are withdrawn from the customer's account balance.

Debit card interchange and surcharge income: The Company earns interchange income from debit cardholder transactions conducted through the MasterCard International Inc. payment network. Additionally, ATM surcharges are also assessed on foreign (non-customer) users who use the Company's ATM network of machines. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and foreign surcharges are a fixed fee per transaction. Both are recognized daily, concurrently with the transaction processing services provided to the cardholder. Revenue included in banking fees and service charges on the consolidated statements of operations that was not related to contracts was $17,000 and $15,000 for the years ended December 31, 2024 and 2023, respectively.

Insurance commissions and fees and net gain on sale of Generations Agency: Regular commissions are earned upon the effective date of bound insurance coverage. They are paid by the insurance carrier and recorded by the Company through a monthly remittance which are subject to the Management Agreement with the Northwoods Corporation ("Northwoods") which became effective on April 1, 2022. Contingent commissions are based on a contract but are dependent, not only on the level of policies bound with the carrier, but also on loss claim levels experienced through the last day of the year, volume, growth, or shrinkage. The Agency's business is not considered to be significant to the carriers, and many of our insurance carriers are combined under an umbrella with other independent agents, making the contingent commission earned dependent on a calculation that includes the experience of others. As such, the level of contingent commissions is not readily determinable until it is paid, but does not have a significant impact on the Company's financial results. The Agency's book of business was purchased by Northwoods on June 1, 2023.

Loan servicing fees: The majority of income derived from loans is excluded from the scope of the amended guidance on accounting for revenue from contracts with customers. However, servicing fee revenue is generated in the form of late charges on customer loans. Late fees are transaction-based and are recognized at the point in time that the customer has exceeded the loan payment grace-period and the Company has earned the fee based on the loan note. Fees are assessed as a percentage of the past-due loan payment amount.

22. Accumulated Other Comprehensive Loss

The following table presents the amounts reclassified out of each component of accumulated other comprehensive loss:

	Year Ended December 31,		Affected Line Item in the
(In thousands)	2024	2023	Consolidated Statements of Operations
Available-for-sale securities:			
Realized gain on sale of securities	$ 10	$ —	Net gain on sale of securities
Tax effect	—	—	Income tax expense
	$ 10	$ —	Net income
Defined benefit pension plan:			
Retirement plan net losses recognized in net periodic pension cost	$ —	$ 161	Compensation and benefits
Tax effect	—	(34)	Income tax (expense) benefit
	$ —	$ 127	Net loss

23. Fair Value Disclosures

Management uses its best judgment in estimating the fair value of the Company's financial assets and liabilities; however, there are inherent weaknesses in any estimation technique. Therefore, for substantially all financial assets and liabilities, the fair value estimates herein are not necessarily indicative of the amounts the Company could have realized in a sale transaction on the dates indicated. The estimated fair value amounts have been measured as of their respective reporting dates and have not been re-evaluated or updated for purposes of these financial statements subsequent to those respective dates. As such, the estimated fair values of these financial assets and liabilities subsequent to the respective reporting dates may be different from the amounts reported at each reporting date.

The Company uses fair value measurements to record fair value adjustments to certain financial assets and liabilities and to determine fair value disclosures. The fair value of a financial asset or liability is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in some instances, there may be no quoted market prices for the Company's various financial assets and liabilities. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the financial asset or liability.

Fair value measurement guidance established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level

1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are as follows:

> Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date of identical, unrestricted assets or liabilities.
>
> Level 2: Quoted prices in markets that are not active, or inputs that are observable directly or indirectly, for substantially the full term of the asset or liability.
>
> Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e. supported with little or no market activity).

An asset or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. There have been no changes in valuation techniques during the periods ended December 31, 2024 and 2023.

The following information should not be interpreted as an estimate of the fair value of the entire Company since a fair value calculation is only provided for a limited portion of the Company's assets and liabilities. Due to a wide range of valuation techniques and the degree of subjectivity used in making the estimates, comparison between the Company's disclosures and those of other companies may not be meaningful. The following methods and assumptions were used to estimate the fair values of the Company's assets and liabilities at December 31, 2024 and December 31, 2023.

<u>Cash and due from banks</u>: The carrying amounts of cash and due from banks approximate fair values.

<u>Interest-earning deposits</u>: The carrying amounts of interest-earning term deposits held in banks approximate fair values.

<u>Investment securities</u>: The fair values of trading, available-for-sale, held-to-maturity, and equity securities are obtained from an independent third party and are based on quoted prices on a nationally recognized exchange (Level 1), where available. At this time, only the equity securities qualify as a Level 1 valuation. If quoted prices are not available, fair values are measured by utilizing matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2). Management made no adjustment to the fair value quotes that were received from the independent third party pricing service.

<u>Municipal bonds:</u> The significant unobservable inputs used in the fair value measurement of the Company's municipal bonds are premiums for unrated securities and marketability discounts. Significant increases (decreases) in either of those inputs in isolation would result in a significantly lower (higher) fair value measurement. In general, changes in either of those inputs will not affect the other input. The Company receives scheduled principal and interest payments from the municipalities based on the terms of the bonds. Management receives valuations on these investments on a quarterly basis from an outside party. As such, the carrying value is deemed to approximate fair value (Level 3).

<u>Federal Home Loan Bank (FHLB) stock</u>: The carrying value of FHLB stock approximates fair value based on the redemption provisions of the FHLB, resulting in a Level 2 classification. There have been no identified events or changes in circumstances that may have a significant adverse effect on the FHLB stock.

<u>Loans</u>: The fair values of loans, excluding impaired loans, are estimated using discounted cash flow analyses, using market rates at the statement of financial condition date that reflect the credit and interest rate risk inherent in the loans, resulting in a Level 3 classification. Projected future cash flows are calculated based upon contractual maturity or call dates, projected repayments and prepayments of principal. Future cash flows are then discounted using the Bank's weighted average rate on new loans and thus the resulting fair value represents exit pricing. Generally, for variable rate loans that reprice frequently and with no significant changes in credit risk, fair values are based on carrying values.

<u>Collateral-dependent and individually evaluated loans</u>: Individually evaluated loans are those loans in which the Company has measured credit loss generally based on the fair value of the loan's collateral. Fair value is generally determined based upon independent third party appraisals of the properties or discounted cash flows based upon expected proceeds. These assets are included as Level 3 fair

values, based upon the lowest level of input that is significant to the fair value measurements. The fair value consists of loan balances less their individual credit losses.

Deposits: The fair values disclosed for demand deposits (e.g., interest and non-interest checking) are, by definition, equal to the amount payable on demand at the reporting date (i.e., their carrying amounts), and are therefore classified as Level 1. Savings and money market account fair values are based on estimated decay rates and current costs. Fair values for fixed rate certificates of deposit, including brokered deposits, are estimated using a discounted cash flow calculation that applies interest rates currently being offered in the market on certificates to a schedule of aggregated expected monthly maturities on time deposits. Due to the inputs necessary to calculate the fair value, savings and time deposits are considered Level 3 valuations that estimate exit pricing.

Accrued interest: The carrying amounts of accrued interest receivable and payable approximate fair value, and due to the short-term (30 days or less) nature of the balances, are considered Level 1.

Borrowings: Fair values of FHLB advances are estimated using discounted cash flow analysis, based on quoted prices for new FHLB advances with similar credit risk characteristics, terms, and remaining maturity, resulting in a Level 2 classification. These prices obtained from this active market represent a fair value that is deemed to represent the transfer price if the liability were assumed by a third party.

The following tables present a comparison of the carrying amount and estimated fair value of the Company’s financial instruments:

	At December 31, 2024				
(In thousands)	**Carrying Amount**	**Level 1**	**Level 2**	**Level 3**	**Fair Value**
Financial assets:					
Cash and cash equivalents	$ 12,357	$ 12,357	$ —	$ —	$ 12,357
Interest-earning time deposits in banks	600	—	600	—	600
Securities available-for-sale	24,386	—	23,168	1,218	24,386
Securities held-to-maturity	1,359	—	1,155	—	1,155
Equity securities	425	425	—	—	425
Loans receivable, net	307,452	—	—	303,760	303,760
FHLB stock	1,420	—	1,420	—	1,420
Accrued interest receivable	1,708	1,708	—	—	1,708
Financial liabilities:					
Deposits	$ 326,461	$ 83,922	$ —	$ 234,559	$ 318,481
Long-term borrowings	19,896	—	19,842	—	19,842
Accrued interest payable	127	127	—	—	127

	At December 31, 2023				
(In thousands)	Carrying Amount	Level 1	Level 2	Level 3	Fair Value
Financial assets:					
Cash and cash equivalents	$ 14,525	$ 14,525	$ —	$ —	$ 14,525
Interest-bearing time deposits in banks	4,362	—	4,362	—	4,362
Securities available-for-sale	31,302	—	29,827	1,475	31,302
Securities held-to-maturity	1,454	—	1,226	—	1,226
Equity securities	361	361	—	—	361
Loans receivable, net	333,482	—	—	304,655	304,655
FHLB stock	1,588	—	1,588	—	1,588
Accrued interest receivable	1,611	1,611	—	—	1,611
Financial liabilities:					
Deposits	$ 357,606	$ 86,637	$ —	$ 263,760	$ 350,397
Long-term borrowings	23,577	—	23,411	—	23,411
Accrued interest payable	638	638	—	—	638

The following tables summarize assets measured at fair value on a recurring basis, segregated by the level of valuation inputs within the hierarchy utilized to measure fair value:

	At December 31, 2024			
(In thousands)	Level 1	Level 2	Level 3	Total Fair Value
Securities available-for-sale:				
Debt investment securities:				
Residential mortgage-backed - US agency and GSEs	$ —	$ 19	$ —	$ 19
Corporate bonds	—	9,138	—	9,138
State and political subdivisions	—	14,011	1,218	15,229
Equity investment securities:				
Large cap equity mutual fund	53	—	—	53
Other mutual funds	372	—	—	372
Total investment securities	$ 425	$ 23,168	$ 1,218	$ 24,811

	At December 31, 2023			
(In thousands)	Level 1	Level 2	Level 3	Total Fair Value
Securities available-for-sale:				
Debt investment securities:				
Residential mortgage-backed - US agency and GSEs	$ —	$ 20	$ —	$ 20
Corporate bonds	—	15,047	—	15,047
State and political subdivisions	—	14,760	1,475	16,235
Equity investment securities:				
Large cap equity mutual fund	45	—	—	45
Other mutual funds	316	—	—	316
Total investment securities	$ 361	$ 29,827	$ 1,475	$ 31,663

The changes in Level 3 assets measured at estimated fair value on recurring basis during the years ended December 31, 2024 and 2023 were as follows:

(In thousands)	Investment Securities
Balance - December 31, 2023	$ 1,475
Total gains realized/unrealized:	
Included in other comprehensive loss	(1)
Principal payments/maturities	(256)
Balance - December 31, 2024	$ 1,218

(In thousands)	Investment Securities
Balance - December 31, 2022	$ 1,715
Total gains realized/unrealized:	
Included in other comprehensive income	41
Principal payments/maturities	(281)
Balance - December 31, 2023	$ 1,475

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

The following tables summarize assets measured at fair value on a nonrecurring basis segregated by the level of valuation inputs within the hierarchy utilized to measure fair value:

	At December 31, 2024			
(In thousands)	Level 1	Level 2	Level 3	Total Fair Value
Collateral-dependent loans	$ —	$ —	$ —	$ —
Foreclosed real estate & repossessed assets	—	—	—	—

	At December 31, 2023			
(In thousands)	Level 1	Level 2	Level 3	Total Fair Value
Collateral-dependent loans	$ —	$ —	$ 36	$ 36
Foreclosed real estate & repossessed assets	—	—	118	118

There have been no transfers of assets in or out of any fair value measurement level.

The following table presents additional quantitative information about assets measured at fair value on a recurring basis and for which Level 3 inputs were used to determine fair value at December 31, 2024 and 2023:

	Quantitative Information about Level 3 Fair Value Measurements		
	Valuation Techniques	Unobservable Input	Range (Weighted Avg.)
Investment type-			
State and political subdivisions	Scheduled principal and interest payments	Cost to Sell	0%
	Carrying value		100%

Sensitivity of significant unobservable inputs: The following is a description of the sensitivity of significant unobservable inputs, the interrelationships between those inputs and other unobservable inputs used in recurring fair value measurement, and how those inputs might magnify or mitigate the effect of changes in the unobservable inputs on the fair value measurement.

The following table presents quantitative information about Level 3 fair value measurements for assets measured at fair value on a nonrecurring basis at December 31, 2024 and 2023:

	Quantitative Information about Level 3 Fair Value Measurements		
	Valuation Techniques	**Unobservable Input**	**Range (Weighted Avg.)**
Collateral-dependent loans -	Appraisal of collateral	Appraisal Adjustments	5% - 35% (20)%
One-to four-family residential		Costs to Sell	5% - 15% (10)%
Collateral-dependent loans -	Appraisal of collateral	Appraisal Adjustments	5% - 35% (25)%
Commercial business		Changes in property condition	10% - 20% (15)%
		Costs to Sell	5% - 15% (10)%
Foreclosed real estate and repossessed assets	Appraisal of collateral	Appraisal Adjustments	5% - 35% (25)%
		Changes in property condition	10% - 20% (15)%
		Costs to Sell	5% - 15% (10)%

Collateral-dependent loans: Collateral-dependent loans carried at fair value have been partially charged-off or receive specific allocations of the allowance for credit losses. The Company evaluates and values collateral-dependent impaired loans at the time the loan is identified as impaired, and the fair values of such loans are estimated using Level 3 inputs in the fair value hierarchy. Each loan's collateral value has a unique appraisal and management's discount of the value is based on the factors unique to each impaired loan. The significant unobservable input in determining the fair value is management's subjective discount on appraisals of the collateral securing the loan. In addition, a discount is typically applied to account for estimated costs to sell. These real estate appraisals may include up to three approaches to value: the sales comparison approach, the income approach (for income-producing property), and the cost approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available, if applicable. Although the fair value of the property normally will be based on an appraisal, the valuation should be consistent with the price that a market participant will pay to purchase the property at the measurement date. Circumstances may exist that indicate that the appraised value is not an accurate measurement of the property's current fair value. Examples of such circumstances include changed economic conditions since the last appraisal, stale appraisals, or imprecision and subjectivity in the appraisal process. Non-real estate collateral may be valued using an appraisal, net book value per the borrower's financial statements, or aging reports, adjusted or discounted based on management's expertise and knowledge of the client and client's business. Impaired loans are evaluated on a quarterly basis for additional impairment and adjusted accordingly.

Foreclosed real estate & repossessed assets: Assets acquired through foreclosure, transfers in lieu of foreclosure, or repossession are initially recorded at fair value less costs to sell when acquired, establishing a new cost basis. These assets are subsequently accounted for at lower of cost or fair value less estimated costs to sell. Similar to the impaired loan disclosures above, fair value is commonly based on recent real estate appraisals, or estimated value from auction house or qualified dealer, and adjusted as deemed necessary by independent appraisers and management and estimated costs to sell resulting in a level 3 fair value classification. Foreclosed and repossessed assets are evaluated on a monthly basis to determine whether an additional reduction in the fair value less estimated costs to sell should be recorded.

24. Parent Company Only Financial Information

The following presents the condensed financial information pertaining only to Generations Bancorp NY, Inc. as of and for the periods ended:

Statements of Condition *(In thousands)*	**At December 31,** 2024	2023
Assets		
Cash and cash equivalents	$ 3,098	$ 1,321
Securities available-for-sale, at fair value	20	1,042
Equity investment securities, at fair value	383	326
Investment in bank subsidiary	32,838	35,724
Other assets	26	16
Total assets	$ 36,365	$ 38,429
Liabilities and Shareholders' Equity		
Deferred tax liability	$ 72	$ 72
Other liabilities	895	659
Shareholders' equity	35,398	37,698
Total liabilities and shareholders' equity	$ 36,365	$ 38,429

Statements of Operations *(In thousands)*	**Year Ended December 31,** 2024	2023
Income		
Dividends from securities available-for-sale	$ 7	$ 89
Interest income	38	28
Gain on sale of securities available-for-sale	9	—
Change in the fair value on equity securities	57	48
Total income	111	165
Expenses		
Change in the fair value of the Directors Retirement Plan	249	2
Total expenses	249	2
(Loss) Income before taxes and equity in undistributed net loss of bank subsidiary	(138)	163
Income tax (benefit) expense	(31)	34
(Loss) Income before equity in undistributed net loss of bank subsidiary	(107)	129
Equity in undistributed net loss of bank subsidiary	(4,668)	(1,696)
Net loss	**$** (4,775)	$ (1,567)

Statements of Cash Flows *(In thousands)*	**Year Ended December 31, 2024**	**2023**
Operating Activities		
Net loss	$ (4,775)	$ (1,567)
Equity in undistributed net loss of bank subsidiary	4,668	1,696
Realized gains on sales of:		
Available-for-sale investment securities	(9)	—
Change in fair value on equity securities	(57)	(2)
Net amortization of premiums and discounts on investment securities	—	(48)
ESOP Expense	53	43
Stock-based compensation	172	417
Stock options exercised	429	—
Net change in other assets	(10)	45
Net change in other liabilities	224	(59)
Net cash provided by operating activities	695	525
Investing Activities		
Proceeds from sale of investment securities available-for-sale	1,082	—
Net cash provided by investing activities	1,082	—
Financing activities		
Effect of stock repurchase plan	—	(1,074)
Cash dividend from bank subsidiary	—	1,000
Purchase of common stock for SERP	—	(31)
Purchase of common stock for Directors Retirement Plan	—	(10)
Distribution of common stock for SERP	—	345
Distribution of common stock for Directors Retirement Plan	—	37
Net cash provided by financing activities	—	267
Net change in cash and cash equivalents	1,777	792
Cash and cash equivalents at beginning of year	1,321	529
Cash and cash equivalents at end of year	$ 3,098	$ 1,321

25. Subsequent Events

On March 21, 2025, the Company entered into a sales agreement relative to one of its non-banking offices with a purchase price of $125,000. The sale is expected to close in the second quarter of 2025.

Management has evaluated subsequent events through March 27, 2025, the date which the consolidated financial statements were available to be issued.