



CARVER BANCORP, INC. REPORTS THIRD QUARTER FISCAL YEAR 2026 RESULTS

Carver Bancorp, Inc. (the “Company”) (OTCQB: CARV), the holding company for Carver Federal Savings Bank (“Carver” or the “Bank”), announced results for the three and nine months ended December 31, 2025. The Company reported a net loss of \$1.7 million, or basic and diluted loss per share of \$0.32 for the three months ended December 31, 2025, compared to a net loss of \$5.6 million, or basic and diluted loss per share of \$1.09 for the prior year quarter ended December 31, 2024. For the nine months ended December 31, 2025, net loss totaled \$5.3 million, or basic and diluted loss per share of \$1.00, compared to a net loss of \$10.0 million, or basic and diluted loss per share of \$1.93 for the prior year period ended December 31, 2024. The change in results was attributable to increases in net interest income and non-interest income, and decreases in the provision for credit losses and non-interest expense compared to the corresponding prior year periods.

Results of Operations

Net Interest Income and Net Interest Margin

Net interest income for the quarter ended December 31, 2025 increased \$2.1 million, or 70.0%, to \$5.1 million, compared to \$3.0 million for the quarter ended December 31, 2024. For the nine months ended December 31, 2025, net interest income increased \$1.4 million, or 9.7%, to \$15.9 million, compared to \$14.5 million for the nine months ended December 31, 2024.

Interest income increased \$1.6 million, or 23.5%, to \$8.4 million for the quarter ended December 31, 2025 from \$6.8 million for the prior quarter ended December 31, 2024. For the nine months ended December 31, 2025, interest income increased \$0.3 million, or 1.2%, to \$26.2 million from \$25.9 million for the nine months ended December 31, 2024. Interest income on loans increased \$1.8 million and \$1.2 million for the three and nine months ended December 31, 2025, respectively, due to an increase in the average yield on the portfolio despite a decrease in average loan balances for the two comparative periods. The prior year periods included adjustments to reverse interest accrued on loans placed on nonaccrual status during the quarter. Interest income on money market investments decreased \$0.2 million and \$0.7 million for the three and nine months ended December 31, 2025, respectively, due to a decrease in average interest rates and balance on deposit in the Bank's interest-bearing account at the Federal Reserve Bank.

Interest expense decreased \$0.6 million, or 15.4% to \$3.3 million for the quarter ended December 31, 2025 from \$3.9 million for the prior quarter ended December 31, 2024. For the nine months ended December 31, 2025, interest expense decreased \$1.1 million, or 9.6% to \$10.3 million, from the \$11.4 million for the nine months ended December 31, 2024. Interest expense on deposits decreased \$0.4 million for the three and nine months ended December 31, 2025, respectively due to a decrease in the average balances and rates on certificates of deposit decreased. Interest expense on advances and other borrowed money decreased \$0.2 million and \$0.8 million for the three and nine months ended December 31, 2025, respectively, primarily due to a decrease in the average balances of outstanding FHLB-NY advances compared to the prior year periods.

Net interest margin was 2.98% for the quarter ended December 31, 2025, compared to 1.63% for the quarter ended December 31, 2024, an increase of 135 basis points. For the nine months ended December 31, 2025, net interest margin was 3.05%, compared to 2.64% for the nine months ended December 31, 2024, an increase of 41 basis points.

Non-Interest Income

Non-interest income for the three months ended December 31, 2025 totaled \$2.0 million, an increase of \$1.0 million, or 100.0%, compared to \$1.0 million for the three months ended December 31, 2024. For the nine months ended December 31, 2025, non-interest income increased \$2.2 million, or 95.7%, to \$4.5 million, compared to \$2.3 million for the nine months ended December 31, 2024. The increase for both periods was primarily due to higher depository and loan fees and revenue from the Bank's participation in JPMorgan Chase's Empowering Change program compared to the prior year periods.

Non-Interest Expense

Non-interest expense for the three months ended December 31, 2025 totaled \$8.8 million, a decrease of \$0.7 million, or 7.4%, compared to \$9.5 million for the three months ended December 31, 2024. For the nine months ended December 31, 2025, non-interest expense decreased \$0.2 million, or 0.8%, to \$25.7 million, compared to \$25.9 million for the nine months ended December 31, 2024. Decreases in data processing, net occupancy costs related to building expenses and other non-interest expense were partially offset by an increase in consulting fees related to services provided for strategic planning and higher FDIC premiums compared to the prior year periods.

Financial Condition

Assets

The Company's assets totaled \$690.6 million at December 31, 2025, a decrease of \$39.4 million, or 5.4%, from total assets of \$730.0 million at March 31, 2025. The decrease in total assets was largely attributable to decreases of \$4.4 million in cash and cash equivalents and \$1.8 million and \$31.9 million in the Bank's net investment and loan portfolios, respectively.

Total cash and cash equivalents decreased \$4.4 million, or 8.7%, to \$45.9 million at December 31, 2025 from \$50.3 million at March 31, 2025. The decrease in cash was primarily due to a \$87.1 million decrease in total deposits, partially offset by net loan activity of \$31.3 million and a \$48.3 million net increase in borrowed funds.

Total investment securities decreased \$1.8 million, or 3.9%, to \$44.5 million at December 31, 2025 from \$46.3 million at March 31, 2025 due to scheduled principal payments received of approximately \$2.8 million, partially offset by a \$1.1 million decrease in unrealized losses in the available-for-sale portfolio.

Gross portfolio loans decreased \$40.5 million, or 6.6%, to \$573.2 million at December 31, 2025, compared to \$613.7 million at March 31, 2025. The decrease was primarily due to attrition and payoffs of \$56.3 million, partially offset by new loan originations of \$23.5 million. In addition, the Bank transferred \$8.6 million of portfolio loans to its held-for-sale portfolio during the current quarter.

Liabilities and Equity

Total liabilities decreased \$35.2 million, or 5.0%, to \$665.2 million at December 31, 2025 from \$700.4 million at March 31, 2025, primarily due to a decrease of \$87.1 million in total deposits, partially offset by an increase of \$48.3 million in advances from the FHLB-NY and other borrowed money. The Bank secured advances from the FHLB-NY and FRB discount window to replace the decrease in brokered money market and certificate of deposit accounts during the period, as management has been seeking to reduce the Bank's overall level of brokered deposits.

Total equity decreased \$4.2 million, or 14.2%, to \$25.4 million at December 31, 2025, compared to \$29.6 million at March 31, 2025. The decrease was due to a net loss of \$5.3 million, partially offset by a decrease of \$1.1 million in unrealized losses on securities available-for-sale for the nine month period ended December 31, 2025.

Carver's capital adequacy is measured in accordance with the Basel III regulatory framework governing capital adequacy, stress testing, and market liquidity risk. Carver was issued an Individual Minimum Capital Ratio ("IMCR") letter by the OCC, which requires the Bank to maintain minimum regulatory capital levels of 9% for its Tier 1 leverage ratio and 12% for its total risk-based capital ratio. At December 31, 2025, the Bank's capital level continued to exceed the "well capitalized" regulatory requirements, but did not meet its IMCR requirements. The Tier 1 leverage ratio was 8.64%, common equity tier 1 and tier 1 risk-based capital ratios were 10.32%, and total risk-based capital ratio was 11.34% at December 31, 2025. The Bank is working on taking appropriate actions with the goal of achieving the IMCR targets.

Asset Quality and Provision for Credit Losses

Non-performing assets consist of nonaccrual loans, loans held-for-sale and property acquired in settlement of loans or other real estate owned (OREO), including foreclosure. Nonperforming assets totaled \$32.5 million, or 4.70% of total assets at December 31, 2025, compared to \$24.6 million, or 3.38% of total assets at March 31, 2025. Nonaccrual loans (including loans held-for-sale) totaled \$32.4 million, or 4.70% of total assets at December 31, 2025, an increase of \$7.8 million from \$24.6 million, or 3.37% of total assets at March 31, 2025.

The allowance for credit loss was \$6.0 million at December 31, 2025, compared to \$6.3 million at March 31, 2025. The allowance as a percentage of total loans was 1.02% at December 31, 2025, compared to 1.03% at March 31, 2025. The ratio of the allowance to nonaccrual loans was 18.35% at December 31, 2025, a decrease from 25.77% at March 31, 2025.

During the three months ended December 31, 2025, a \$9 thousand provision of credit loss was recorded, compared to a \$96 thousand provision for credit loss recorded for the three months ended December 31, 2024. Net charge-offs of \$187 thousand were recognized during the third quarter, compared to net charge-offs of \$281 thousand for the prior year quarter. For the nine months ended December 31, 2025, a \$32 thousand recovery of credit loss was recorded, compared to an \$817 thousand provision for credit loss recorded for the nine months ended December 31, 2024. Net charge-offs of \$354 thousand were recognized during the nine months ended December 31, 2025, compared to net charge-offs of \$631 thousand for the prior year period.

About Carver Bancorp, Inc.

Carver Bancorp, Inc. (OTCQB: CARV) is the holding company for Carver Federal Savings Bank, a federally chartered stock savings bank. Headquartered in Harlem, NY, Carver was founded in 1948 to serve historically underserved communities in New York whose residents, businesses, and institutions had limited access to mainstream financial services. The U.S. Treasury Department has designated Carver as a Community Development Financial Institution ("CDFI") because of its community-focused banking services and dedication to its local community's economic viability and revitalization. Carver is one of the largest African- and Caribbean-American-managed banks in the United States. Carver's online banking presence includes consumer checking and savings accounts across nine states, from Massachusetts to Virginia and Washington, DC. For further information, please visit the Company's website at www.carverbank.com. Be sure to connect with Carver on Facebook, LinkedIn, and Instagram.

Forward-Looking Statements

This release may contain certain "forward-looking statements" that represent the Company's current expectations or beliefs concerning future events. Forward-looking statements can be identified by the use of words such as "estimate," "project," "believe," "intend," "anticipate," "assume," "plan," "seek," "expect," "will," "may," "should," "indicate," "would," "believe," "contemplate," "continue," "target" and words of similar meaning. Forward-looking statements are, by their nature, subject to numerous risks and uncertainties. Certain factors that could cause actual results to differ materially from expected results include changes in general economic conditions, changes in the interest rate environment, changes in prevailing depository institution stock prices, the evolution of the depository institution merger market, the Company's ability to terminate or the timing of the termination of its obligation to file periodic reports with the SEC, the Company's ability to have its common stock quoted or the timing of its common stock becoming quoted on the OTCQB Market as described above, market reactions to the Company's delisting and deregistration, changes to the Company's strategic plan, legislative and regulatory changes that adversely affect the business of the Company and the Bank, and changes in the securities markets. Because of the risks and uncertainties inherent in forward-looking statements, readers are cautioned not to place undue reliance on them, whether included in this news release or made elsewhere from time to time by the Company or on its behalf. The Company disclaims any obligation to update such forward-looking statements.

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Carver Bancorp, Inc. and Subsidiaries
Consolidated Statements of Financial Condition
(Unaudited)

<i>\$ in thousands except per share data</i>	December 31, 2025	March 31, 2025	December 31, 2024
<u>ASSETS</u>			
Cash and cash equivalents:			
Cash and due from banks	\$ 45,351	\$ 49,810	\$ 49,449
Money market investments	505	505	510
Total cash and cash equivalents	<u>45,856</u>	<u>50,315</u>	<u>49,959</u>
Investment securities:			
Available-for-sale, at fair value	42,881	44,522	44,121
Held-to-maturity, at amortized cost	1,595	1,750	1,807
Total investment securities	<u>44,476</u>	<u>46,272</u>	<u>45,928</u>
Loans held-for-sale (HFS)	8,603	—	—
Loans receivable:			
Real estate mortgage loans	395,984	423,023	431,576
Commercial business loans	151,979	164,964	163,579
Consumer loans	25,269	25,697	15,722
Loans, net of deferred fees and costs	<u>573,232</u>	<u>613,684</u>	<u>610,877</u>
Allowance for credit losses	(5,951)	(6,337)	(6,057)
Total loans receivable, net	<u>567,281</u>	<u>607,347</u>	<u>604,820</u>
Premises and equipment, net	1,818	2,010	2,166
Federal Home Loan Bank of New York (“FHLB-NY”) stock, at cost	923	853	1,665
Accrued interest receivable	3,025	2,980	2,466
Right-of-use assets	6,321	8,247	8,884
Other assets	12,336	11,967	11,642
Total assets	<u>\$ 690,639</u>	<u>\$ 729,991</u>	<u>\$ 727,530</u>
<u>LIABILITIES AND EQUITY</u>			
<u>LIABILITIES</u>			
Deposits:			
Non-interest bearing checking	\$ 93,120	\$ 89,538	\$ 97,297
Interest-bearing deposits:			
Interest-bearing checking	45,164	44,453	43,600
Savings	111,061	111,365	107,095
Money market	130,871	161,592	151,796
Certificates of deposit	191,931	252,129	236,230
Escrow	2,566	2,760	921
Total interest-bearing deposits	<u>481,593</u>	<u>572,299</u>	<u>539,642</u>
Total deposits	<u>574,713</u>	<u>661,837</u>	<u>636,939</u>
Advances from the FHLB-NY and other borrowed money	68,541	20,243	38,281
Operating lease liabilities	6,862	8,869	9,539
Other liabilities	15,093	9,464	10,505
Total liabilities	<u>665,209</u>	<u>700,413</u>	<u>695,264</u>
Commitments and contingencies	—	—	—
<u>EQUITY</u>			
Preferred stock, (par value \$0.01 per share: 9,557 Series D shares, with a liquidation preference of \$1,000 per share, issued and outstanding)	9,557	9,557	9,557
Preferred stock (par value \$0.01 per share: 3,177 Series E shares, with a liquidation preference of \$1,000 per share, issued and outstanding)	3,177	3,177	3,177
Preferred stock (par value \$0.01 per share: 9,000 Series F shares, with a liquidation preference of \$1,000 per share, issued and outstanding)	9,000	9,000	9,000
Common stock	79	78	78
Additional paid-in capital	87,972	87,920	87,881
Retained earnings	(70,609)	(65,293)	(61,522)
Treasury stock, at cost (2,503,803 shares)	(2,908)	(2,908)	(2,908)
Accumulated other comprehensive loss	(10,838)	(11,953)	(12,997)
Total equity	<u>25,430</u>	<u>29,578</u>	<u>32,266</u>
Total liabilities and equity	<u>\$ 690,639</u>	<u>\$ 729,991</u>	<u>\$ 727,530</u>

CARVER BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

<i>\$ in thousands, except per share data</i>	Three Months Ended December 31,		Nine Months Ended December 31,	
	2025	2024	2025	2024
Interest income:				
Loans	\$ 7,646	\$ 5,829	\$ 23,837	\$ 22,607
Mortgage-backed securities	124	132	380	405
Investment securities	182	243	629	823
Money market investments	433	641	1,310	2,043
Total interest income	8,385	6,845	26,156	25,878
Interest expense:				
Deposits	2,970	3,416	9,403	9,760
Advances and other borrowed money	319	474	884	1,664
Total interest expense	3,289	3,890	10,287	11,424
Net interest income	5,096	2,955	15,869	14,454
Provision for (recovery of) credit losses	9	96	(32)	817
Net interest income after provision for (recovery of) credit losses	5,087	2,859	15,901	13,637
Non-interest income:				
Depository fees and charges	664	643	2,012	1,726
Loan fees and service charges	623	219	1,030	263
Loss on sale of loans, net	—	—	—	(191)
Grant income	300	—	300	80
Other	408	125	1,170	398
Total non-interest income	1,995	987	4,512	2,276
Non-interest expense:				
Employee compensation and benefits	3,743	4,039	10,934	10,907
Net occupancy expense	1,218	1,295	3,643	3,771
Equipment, net	656	543	1,885	1,673
Data processing	732	759	2,020	2,284
Consulting fees	337	141	1,196	421
Federal deposit insurance premiums	226	158	673	487
Other	1,878	2,559	5,378	6,343
Total non-interest expense	8,790	9,494	25,729	25,886
Loss before income taxes	(1,708)	(5,648)	(5,316)	(9,973)
Income tax expense	—	—	—	—
Net loss	\$ (1,708)	\$ (5,648)	\$ (5,316)	\$ (9,973)
Loss per common share:				
Basic	\$ (0.32)	\$ (1.09)	\$ (1.00)	\$ (1.93)
Diluted	(0.32)	(1.09)	(1.00)	(1.93)