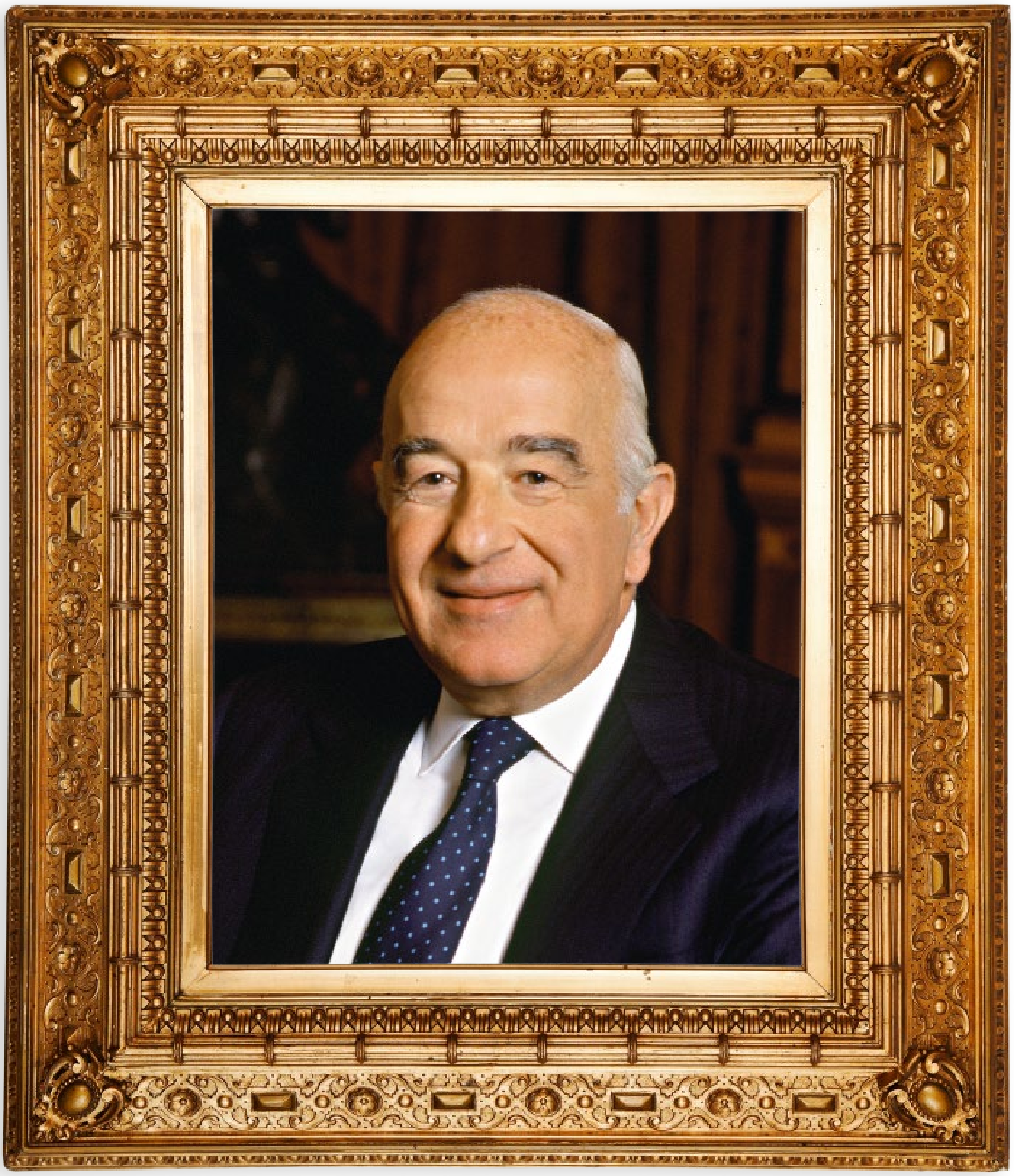
Safra National Bank
of New York

Annual Report
2024



"Every bank is like a child –
you have to nurture it
so it is able to grow and thrive."

Joseph Safra (1938 – 2020)

Chairman's Foreword

Chairman's Foreword

Welcome to the 2024 Annual Report of Safra National Bank of New York. We navigated the year with purpose and stability, transforming obstacles into opportunities. This report highlights our progress, driven by client trust, team ingenuity, and the bold strategy that defines our Bank.

The global landscape in 2024 was marked by profound change and shifting priorities. Elections in major economies, notably in the United States, brought heightened attention to fiscal and economic agendas that will shape markets and policies for years to come. Geopolitical events continued to influence global trade and energy supply chains, creating pockets of volatility across regions. At the same time, the normalization of interest rates, easing inflationary pressures, and a resurgence of investor confidence in key market sectors provided renewed momentum for growth.

Technological advances, particularly the rapid adoption of artificial intelligence, continued to transform industries, presenting both opportunities and challenges for businesses and investors.

In this context, our role as a trusted partner has never been more essential. At Safra National Bank, we are committed to helping our clients navigate complexity and act with confidence. Through thoughtful guidance, innovative solutions, and a long-term perspective, we empower our clients to adapt, grow, and thrive, ensuring they remain well-positioned to capture opportunities no matter the economic or market environment.

Strategic Growth, Talent Investment, and Innovation in Technology

In 2024, we took significant steps to expand our presence and enhance our capabilities, reaffirming our commitment to excellence. As part of this growth, we opened new offices in Los Altos and San Francisco, CA, as well as Boston, MA, which allows us to extend our reach and better serve our clients. To further strengthen our client relationships, we also welcomed new teams of relationship managers, reinforcing our ability to provide personalized and strategic financial solutions.

As technology continues to reshape the financial landscape, we have prioritized investments in digital capabilities to enhance both efficiency and client experience. By adopting innovative digital tools, we are streamlining transactions, improving security, and ensuring seamless access to financial services. These advancements position us to meet the evolving expectations of our clients while maintaining our commitment to reliability and excellence.

A strong future is built on the expertise of its employees. Over the past year, we have invested in top talent professionals, complementing the deep knowledge of our existing teams. By integrating new perspectives and strengthening our leadership, we continue to sharpen our competitive edge, deepen client relationships, and position our institution for sustained success in an increasingly digital financial environment.

Capital strength and risk management

Safra National Bank remains strongly capitalized, with CET1 ratio of 23.8% at the end of the year, more than double the regulatory requirement to be considered well capitalized, demonstrating that the Bank has all the financial strength to continue to grow and to navigate the different economic cycles, regardless of whether they are turbulent or calm.

Our conservatism is also reflected in the structure of the Bank's balance sheet, which maintains a high level of liquidity. The Bank holds substantial overnight deposits at the Federal Reserve Bank, providing the liquidity needed to meet and even exceed its clients' demand deposits. The Bank deploys ample resources to manage increasing regulatory requirements and a challenging market environment, in combination with a proven risk management approach.

Outlook for 2025

The new year brings in sweeping changes in the political landscape in the United States. President Trump's leadership at the White House, in addition to a Republican controlled House and Senate, will undoubtedly have a major global impact. The reduced speed in inflation's deceleration has led to a debate as to whether this is a temporary lull or if inflation may once more be re-ignited. Capital markets volatility has already been elevated early into the New Year, with fiscal policy and geopolitical uncertainty abound. US corporate earnings have continued to come in strong and capital spending continues to be robust, aided by large cap technology companies' spending towards Artificial Intelligence.

The Federal Reserve's anxiety on inflation, the ever-increasing debt as well as many of the issues stated above, may have played a hand in the recent pause in the cutting of benchmark interest rates.

Despite these myriads of concerns, we continue to hold steady in our longer-term views, while maintaining an opportunistic and diversified approach towards investing to help manage volatility in the near term.

Dedication to our clients and committed teams

I would like to extend my sincere gratitude to our employees, whose dedication and expertise are the foundation of all that we achieve. To our clients, thank you for the trust you place in us. It is both our responsibility and our privilege to serve you. To our business partners, your confidence empowers our Bank to move forward with purpose and ambition.

As we look to the future, we do so with energy and optimism. Together, we will build on our success, guided by principles of leadership, progress, and a commitment to creating enduring value for generations to come.

Jacob J. Safra
Chairman of the Board of Directors
Safra National Bank of New York

Financial Highlights

Financial Highlights

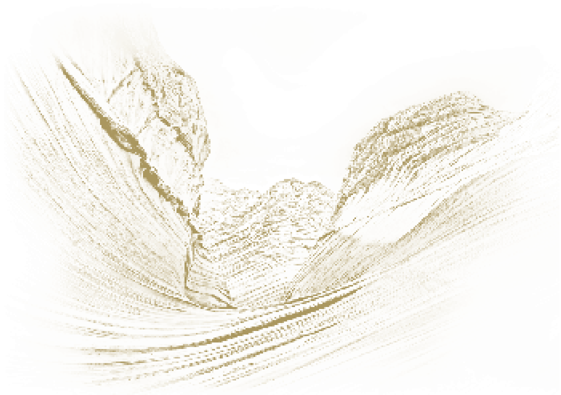
Consolidated income statements	2024 US$ 000	2023 US$ 000
Net interest income	193,872	197,196
Non-interest income	206,453	182,408
Non-interest expenses	(241,479)	(215,099)
Operating income	**153,226**	**105,874**
Net income	**115,074**	**78,047**

Consolidated balance sheets	12.31.2024 US$ 000	12.31.2023 US$ 000
Total assets	11,305,158	10,526,718
Investments	7,140,723	6,687,147
Loans	3,061,836	2,853,329
Deposits	9,461,573	8,922,263
Equity	**1,253,673**	**1,165,711**

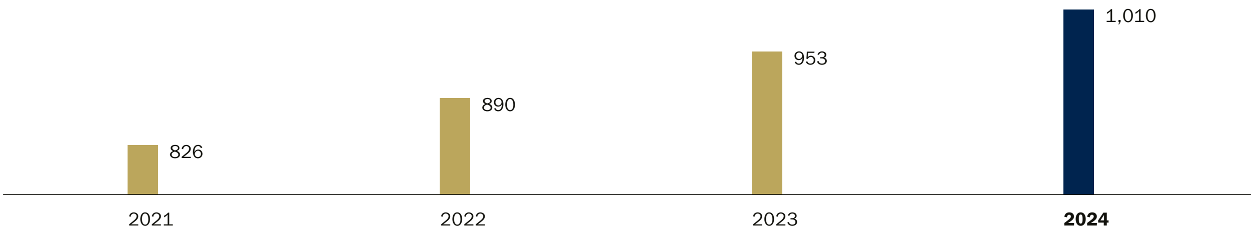
Client assets	12.31.2024 US$ million	12.31.2023 US$ million
Total client assets	38,033	34,285

Ratios	2024 %	2023 %
Capital ratio	24.4%	26.7%
Leverage ratio	9.5%	10.3%

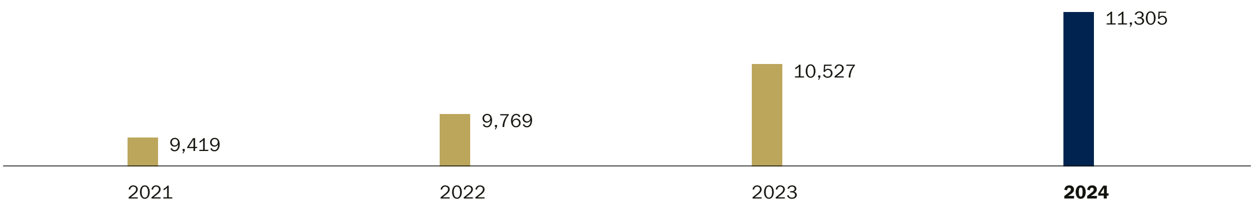
Note: Consolidated figures include the accounts of Safra National Bank of New York and its wholly owned subsidiaries Safra Securities LLC and 3050 Aventura Owner, LLC.



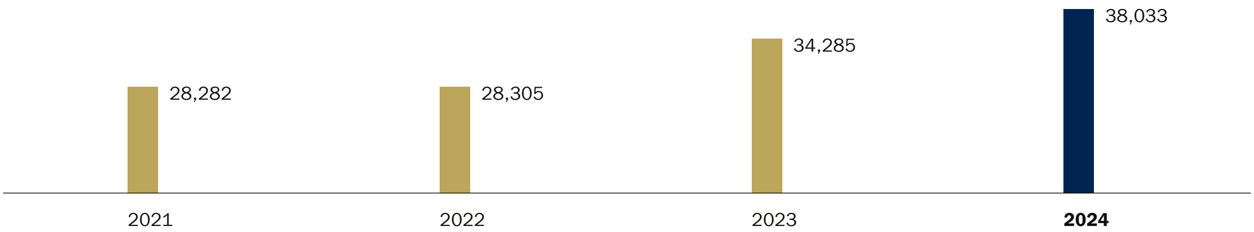
Tier 1 capital as of 12/31 (US$ million)



On-balance assets as of 12/31 (US$ million)



Total client assets as of 12/31 (US$ million)



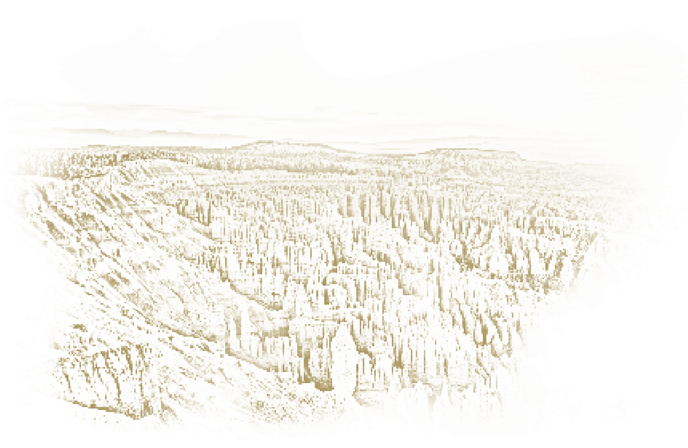
Year in Review

Year in Review

The year 2024 brought significant developments across the political, economic, and financial landscape. For Safra National Bank, it was a year of solid performance, marked by strong operational execution and continued success in delivering value to clients.

In 2024, the United States experienced significant political and economic shifts. The year commenced with the Federal Reserve maintaining the federal funds rate at 5.25–5.50% to combat persistent inflation. However, as inflationary pressures eased and economic growth showed signs of slowing, the Fed implemented a series of rate cuts between September and December, reducing the rate to 4.25–4.50%. These adjustments were aimed at supporting economic activity amid changing financial conditions.

The 2024 presidential election marked a historic moment, with former President Donald Trump becoming the second U.S. president to serve non-consecutive terms since Grover Cleveland.



Collectively, these developments underscored the dynamic interplay between political decisions and economic outcomes, highlighting the importance of adaptive strategies in navigating evolving challenges.

Safra National Bank thrived amid 2024's shifting economic landscape, reinforcing its position as a trusted partner during uncertain times. As markets adjust to evolving monetary policies and geopolitical shifts, our financial strength ensures we remain a steadfast partner in navigating these challenges.

Strong results and continued growth

Safra National Bank's consolidated on-balance sheet assets increased to $11.3 billion on December 31, 2024.

Total client assets, which include deposits and assets held in custody, amounted to $38.0 billion on December 31, 2024, up 11% year-over-year, driven by favorable market conditions and $1.3 billion in new assets, from both existing and new clients.

The Bank reported a record net income of $115 million primarily due to new money and additional trading activity from clients, combined with the structure of our balance sheet which allows us to benefit from the current interest rates in the US.

Following the 2023 regional banking crisis, Safra National Bank was able to attract additional talent to expand even more its domestic presence. The Bank also continued to expand in countries it operates, and because of this commitment, the number of employees and associated people rose to over 400 by year-end 2024.

Embracing the power of natural wonders

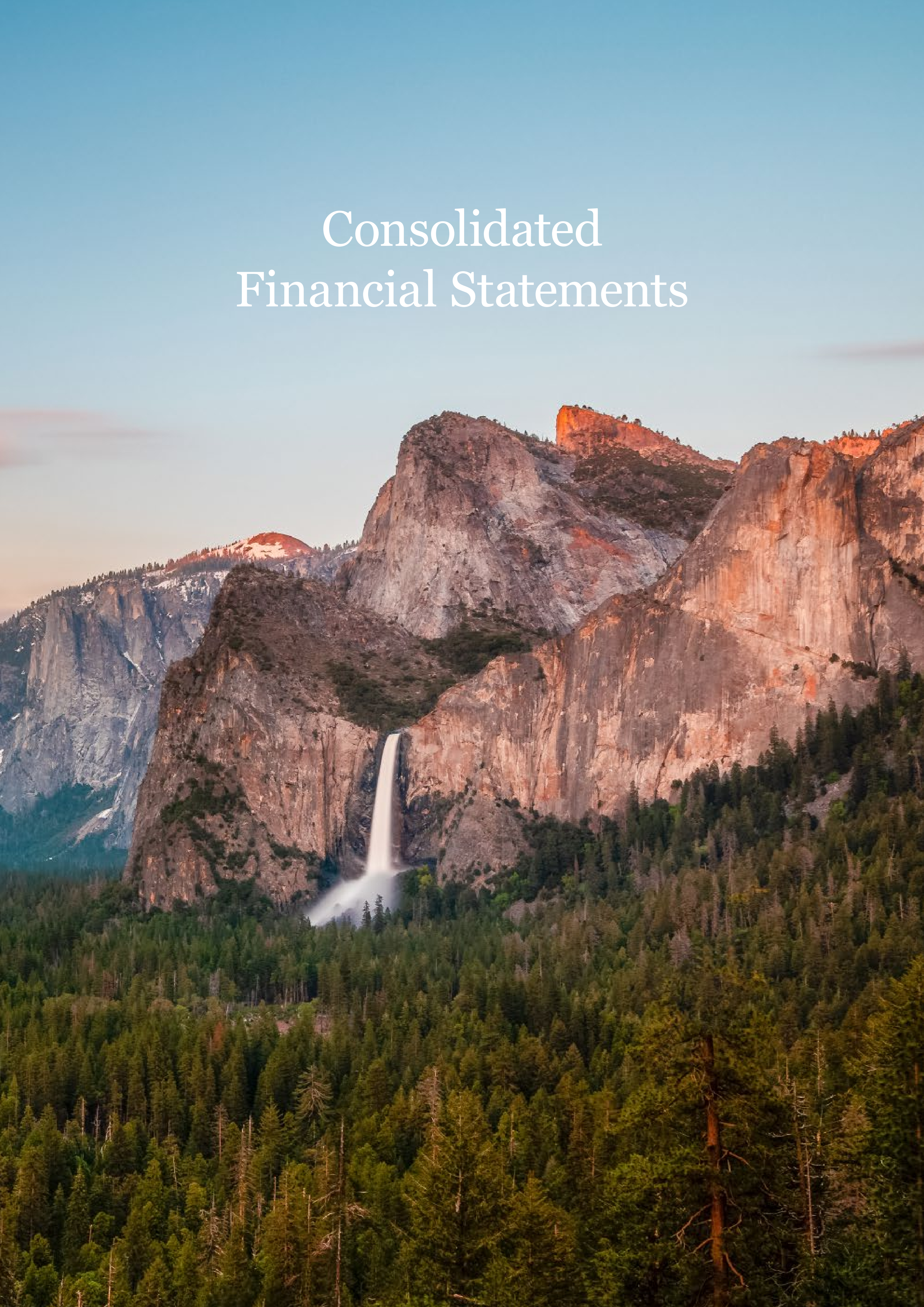
Nature's most breathtaking landscapes – towering mountains, vast oceans, and intricate ecosystems – stand as enduring symbols of resilience, adaptability, and balance. In this year's Annual Report, inspired by the theme Natural Wonders, we reflect on these qualities as they resonate deeply with Safra National Bank's legacy and long-term vision. With over 180 years of heritage rooted in the J. Safra Group and the nearly 40 years of Safra National Bank's existence, our legacy is built on a foundation of strength, stability, and continuity – qualities as timeless as nature's most enduring formations. We approach the complexities of financial landscapes with the same patience, foresight, and precision that sculpt the world's natural wonders, ensuring that our clients' financial goals withstand the test of time and uncertainty. Every decision we make is rooted in trust, prudence, and a commitment to long-term prosperity. Our resilience is not just measured in years, but in our people – relationship managers, traders and supporting functions, as well as investment managers, and insurance agents from our affiliates J. Safra Asset Management, and J. Safra Inc., respectively. They are the stewards of our philosophy, safeguarding the financial well-being of our clients across generations. Growth, like nature, requires a deliberate and thoughtful approach. Just as rivers carve their paths and forests expand their reach, we continue to strengthen our presence both domestically and internationally, ensuring our clients have seamless access to tailored wealth management solutions across Safra National Bank and its affiliated companies.

Just as nature demonstrates the capacity to adapt and thrive in every environment, we remain focused on building a future that balances progress with preservation. This year's theme of the annual report is a reminder of what is at stake.

On behalf of the Safra National Bank Executive Team, I would like to extend our gratitude to our employees and, most importantly, to our clients. Your trust empowers us to grow, evolve, and shape a future that harmonizes progress with conservation – ensuring that Safra National Bank remains a trusted partner for generations to come.

Simoni Morato
Chief Executive Officer
Safra National Bank of New York

Consolidated Financial Statements



Independent Auditor's Report

To the Board of Directors
Safra National Bank of New York:

Opinion

We have audited the consolidated financial statements of Safra National Bank of New York and its subsidiaries (the Bank), which comprise the consolidated statements of financial condition as of December 31, 2024 and 2023, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

We also have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS), the Bank's internal control over financial reporting as of December 31, 2024, based on criteria established in the *Internal Control – Integrated Framework* (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 19, 2025 expressed an unmodified opinion on the effectiveness of the Bank's internal control over financial reporting.

Basis for Opinion

We conducted our audits in accordance with GAAS. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Bank 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 Consolidated Financial Statements

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

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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bank'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.

KPMG LLP

New York, New York
March 19, 2025

Consolidated Statements of Financial Condition

ASSETS	NOTES	As of 12.31.2024 US$ 000	As of 12.31.2023 US$ 000
CASH AND DUE FROM BANKS	3	95,874	111,782
SHORT-TERM INVESTMENTS	3	72,683	54,420
CASH AND SECURITIES REQUIRED TO BE SEGREGATED UNDER FEDERAL OR OTHER REGULATIONS	3	225	216
INTEREST-BEARING DEPOSITS WITH BANKS	2	3,941,008	3,707,744
SECURITIES PURCHASED UNDER AGREEMENTS	5	–	–
SECURITIES HELD-TO-MATURITY	6	215	316
INVESTMENT SECURITIES	6	2,919,999	2,737,024
TRADING SECURITIES, FAIR VALUE:	7	206,818	187,643
LOANS — net of allowance for loan losses, unearned discounts, and deferred loan fees	8, 23	3,061,836	2,853,329
OTHER ASSETS:			
Interest receivable		54,268	43,765
Premises and equipment, net	10	162,015	96,573
Customers' liability on acceptances outstanding		–	630
Cash surrender value of life insurance		90,093	87,930
Net deferred tax asset	16	28,480	31,170
Federal Reserve Stock		11,419	11,500
Derivative assets	23	310,022	299,493
Other assets	11	350,203	303,183
Total other assets		1,006,500	874,244
TOTAL ASSETS		**11,305,158**	**10,526,718**

See notes to consolidated financial statements.

(Continued)

LIABILITIES AND STOCKHOLDERS' EQUITY	NOTES	**As of 12.31.2024 US$ 000**	As of 12.31.2023 US$ 000
LIABILITIES:			
Deposits:			
Demand	13	2,024,579	2,033,605
Money market, NOW, and savings	13	1,736,972	1,420,836
Time	13	5,700,022	5,467,822
Total deposits	13	9,461,573	8,922,263
Interest payable		108,139	35,816
Acceptances outstanding		–	630
Accrued compensation		48,981	46,409
Derivative liabilities	23	50,928	59,002
Payable to customers		34,205	40,084
Other liabilities	11	347,659	256,803
Total liabilities		10,051,485	9,361,007
COMMITMENTS AND CONTINGENT LIABILITIES	20		
STOCKHOLDERS' EQUITY:			
Common stock, $100 par value — authorized, 500,000 shares; issued and outstanding, 189,560 shares		18,956	18,956
Additional paid-in capital		353,143	353,143
Retained earnings		886,712	816,638
Accumulated other comprehensive loss — net of tax	17	(5,138)	(23,026)
Total stockholders' equity		1,253,673	1,165,711
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**11,305,158**	**10,526,718**

See notes to consolidated financial statements. (Concluded)

Consolidated Statements of Income

	NOTES	**For the Year Ended 12.31.2024 US$ 000**	For the Year Ended 12.31.2023 US$ 000
INTEREST INCOME:			
Loans — including realization of deferred fees and accretion of discounts on loans		190,435	186,765
Securities		145,364	118,604
Interest-bearing deposits with banks		180,796	144,026
Securities purchased under agreements		–	55
Total interest income		516,595	449,450
INTEREST EXPENSE:			
Deposits and borrowings		322,454	252,252
Securities sold under agreements to repurchase		269	2
Total interest expense		322,723	252,254
NET INTEREST INCOME		193,872	197,196
NET PROVISION FOR CREDIT LOSSES — including off-balance sheet reserve	9	5,620	58,631
Net interest income after provision for credit losses		188,252	138,565
OTHER INCOME:			
Net gain on securities transactions	6,7	53,403	25,249
Net gain on fair value measurements	1	50,163	68,793
Net gain on foreign currency valuation on securities and derivatives		10,149	6,821
Fees and service charges		66,119	55,199
Other income		26,619	26,346
Total other income	1	206,453	182,408
OTHER EXPENSES:			
Salaries and employee benefits		133,299	116,110
Professional fees		37,627	34,261
Occupancy		13,227	11,545
Communications and data processing		15,396	13,672
Other operating	15	41,930	39,511
Total other expenses		241,479	215,099
INCOME BEFORE INCOME TAXES		153,226	105,874
INCOME TAXES (includes $1,805 and $7,675 income tax expense (benefit) from reclassification items from OCI for the years ended December 31, 2024 and 2023, respectively)		38,152	27,827
NET INCOME		**115,074**	**78,047**

See notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

	For the Year Ended 12.31.2024 US$ 000	For the Year Ended 12.31.2023 US$ 000
NET INCOME	115,074	78,047
OTHER COMPREHENSIVE INCOME, NET OF TAXES:		
Securities available-for-sale:		
Net unrealized gains during the period (net of tax benefit of $4,760 and $(4,119) on December 31, 2024 and 2023, respectively)	17,891	12,358
Reclassification adjustment for realized (gains)/losses for securities sold/called included in net income (net of tax expense/(benefit) of $1 and $(1,383), on December 31, 2024 and 2023, respectively)	(3)	4,149
Other comprehensive income	17,888	16,507
TOTAL COMPREHENSIVE INCOME	**132,962**	**94,554**

See notes to consolidated financial statements.

Consolidated Statements of Changes in Stockholders' Equity

US$ 000	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
BALANCE — January 1, 2023	18,956	292,601	791,899	(39,533)	1,063,923
Payment of dividends — Note 22	–	–	(55,000)	–	(55,000)
Capital Contribution — Note 1	–	60,542	–	–	60,542
Net income	–	–	78,047	–	78,047
Adjustment due to the adoption ASU No 2016-13	–	–	1,692	–	1,692
Other comprehensive income	–	–	–	16,507	16,507
BALANCE — December 31, 2023	**18,956**	**353,143**	**816,638**	**(23,026)**	**1,165,711**
Payment of dividends — Note 22	–	–	(45,000)	–	(45,000)
Net income	–	–	115,074	–	115,074
Other comprehensive income	–	–	–	17,888	17,888
BALANCE — December 31, 2024	**18,956**	**353,143**	**886,712**	**(5,138)**	**1,253,673**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

	For the Year Ended 12.31.2024 US$ 000	For the Year Ended 12.31.2023 US$ 000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	115,074	78,047
Adjustment to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	7,790	6,420
Loss on disposal of software and equipment	–	861
Provision for (benefit from) deferred income taxes	(3,180)	(445)
Net Provision for credit losses	5,620	(58,631)
Net amortization/accretion of securities premiums/discounts	4,796	6,690
Net realized (gain)/loss on sales of securities available-for-sale (“AFS”)	(4)	5,532
Net (gain)/loss on fair value measurement of elected fair value option (“FVO”) on securities available-for-sale	5,688	(17,325)
Net (gain)/loss on fair value measurement of elected FVO on loans	(5,912)	1,359
Net (gain)/loss from basis adjustments on fair value hedges of AFS securities and loans	3,215	(32,498)
Net (increase) decrease in operating assets:		
Trading securities	(2,534)	(83,948)
Interest receivable	(10,503)	(6,851)
Derivative assets	(10,529)	5,688
Other assets	(50,404)	(12,828)
Net increase (decrease) in operating liabilities:		
Interest payable	72,323	6,625
Accrued compensation	2,572	16,273
Accrued taxes payable	(7)	(2,312)
Derivative liabilities	(8,074)	22,496
Payable to customers	(5,879)	(88,575)
Other liabilities	96,734	92,450
Net cash provided by (used in)\ operating activities	**216,786**	**(60,972)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from paydowns, sales, calls, and maturities of securities available-for-sale	933,228	240,887
Proceeds from paydowns and maturities of securities held-to-maturity	101	143
Purchases of securities	(1,131,124)	(339,616)
Cash and cash equivalents acquired in acquisitions, net	–	3,745
Purchases of premises and equipment	(69,767)	(56,456)
Increase in cash surrender value of life insurance	(2,163)	(2,002)
Net (increase) decrease in:		
Interest-bearing deposits with banks	(233,264)	(368,704)
Loans	(205,743)	296,889
Customers’ liability on acceptances outstanding	630	(282)
Net cash used in by investing activities	**(708,102)**	**(225,396)**

See notes to consolidated financial statements.

(Continued)

	For the Year Ended 12.31.2024 US$ 000	For the Year Ended 12.31.2023 US$ 000
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of dividends	(45,000)	(55,000)
Net increase (decrease) in:		
Deposits	545,956	952,808
Borrowings	–	(648,800)
Acceptances outstanding	(630)	282
Net cash provided by financing activities	**500,326**	**249,290**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(6,646)**	**5,038**
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	**2,364**	**(32,040)**
CASH, CASH EQUIVALENTS AND RESTRICTED CASH — Beginning of year	166,418	198,458
CASH, CASH EQUIVALENTS AND RESTRICTED CASH — End of year	168,782	166,418
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest on deposits, borrowed funds, and derivative transactions	180,521	177,050
Income taxes — (net of refunds received of $1,180 in 2024 and $41 in 2023)	32,263	41,405
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTMENTS ACTIVITIES:		
Acquisitions:		
Non-cash assets acquired:		
Interest-bearing deposits with banks	–	217,027
Trading securities	–	77,923
Loans	–	47,290
Other assets	–	20,945
Total non-cash assets acquired	–	363,185
Liabilities assumed:		
Deposits	–	149,248
Borrowings	–	148,100
Other liabilities	–	9,040
Total liabilities assumed	–	306,388
Net (liabilities assumed) non-cash assets acquired	–	56,797
Cash and cash equivalents acquired in acquisitions, net	–	3,745
Contribution of business acquired by Parent	–	60,542

See notes to consolidated financial statements.

(Concluded)

Notes to Consolidated Financial Statements

As of and for the years ended December 31, 2024 and 2023
(Dollars in thousands)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements include the accounts of Safra National Bank of New York ("SNBNY") and its wholly owned subsidiaries, Safra Securities LLC ("SSL") and 3050 Aventura Owner, LLC (collectively, the "Bank"). SNBNY engages in wholesale and private banking under a federal charter and is a member of the Federal Deposit Insurance Corporation ("FDIC") and the Federal Reserve System ("FED"). The Office of the Comptroller of the Currency (the "OCC") regulates and supervises SNBNY. SSL is registered with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Bank is a subsidiary of Safra New York Corporation (the "Parent"), a U.S. holding company.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Bank and are prepared in accordance with U.S. generally accepted accounting principles (hereinafter referred to as "GAAP"). All intercompany accounts and transactions within the Bank have been eliminated in consolidation.

Use of Estimates in the Preparation of Consolidated Financial Statements

The preparation of the consolidated financial statements in conformity with GAAP 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 consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could materially differ from these estimates. Significant accounting estimates reflected in the Bank's consolidated financial statements include the allowance for loan losses and the fair value of financial instruments.

Cash and Cash Equivalents

For purposes of the consolidated financial statements, cash and cash equivalents are comprised of cash and due from banks which consists of cash on hand, cash items in the process of collection, and amounts due from banks and short-term investments which consists of money market funds, money market accounts, short-term interest bearing deposits with financial institutions, securities and restricted cash. All amounts included in short-term investments have an original maturity of 90 days or less. Cash in SNBNY's vault at December 31, 2024 and 2023, was $990 and $827, respectively.

Cash and Securities Required to be Segregated under Federal or Other Regulations

Cash and securities required to be segregated under federal or other regulations consists of non interest-bearing cash held in a special reserve bank account pursuant to SEC Rule 15c3-3 for SSL.

Interest-Bearing Deposits with Banks

Interest-bearing deposits with banks consist principally of due from the Federal Reserve Bank of New York ("FRBNY"), time deposits, and amounts due from other depository and other financial institutions. The Bank may pledge interest-bearing deposits as collateral for a credit line with the FRBNY and securities transactions with other financial institutions.

Securities Sold under Agreements to Repurchase ("Repurchase Agreements") and Securities Purchased under Agreements to Resell ("Reverse Repurchase Agreements")

Repurchase agreements and reverse repurchase agreements are recorded as collateralized financing transactions and are carried at the contract value as specified in the respective agreements. Accrued interest on these transactions is recorded within interest receivable or payable in the consolidated statements of financial condition. Interest on these transactions is recorded within interest income or interest expense in the consolidated statements of income. It is the policy of the Bank to obtain possession of collateral with a fair value equal to or in excess of the principal amount loaned under the reverse repurchase agreements. Collateralized reverse repurchase agreements may result in credit exposure in the event the counterparties to the transactions are unable to fulfill their contractual obligations. The Bank minimizes the credit risk associated with this activity by monitoring credit exposure and collateral values, and by requiring additional collateral to be promptly deposited with or returned to the Bank when deemed necessary.

Securities

Securities accounted for under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 320, Investments — Debt and Equity Securities ("ASC 320"), are categorized as held-to-maturity, available-for-sale, or trading. Debt securities that the Bank has the positive intent and ability to hold to maturity are classified as held-to-maturity and are carried on the consolidated statements of financial condition at amortized cost unless a decline in value is deemed other-than- temporary as a result of a credit deterioration of the issuer, in which case the carrying value is adjusted. The amortization of premium or accretion of discount, as well as any unrealized loss deemed other-than-temporary due to credit deterioration, is included in current period earnings. Securities that were bought and held principally for the purpose of selling them in the near term are classified as trading securities. Trading securities are carried at fair value with changes in unrealized gains and losses included in current earnings. Securities not classified as trading or as held-to-maturity are classified as available-for-sale. These securities are carried in the consolidated statements of financial condition at fair value with changes in unrealized holding gains and losses reported as other comprehensive income/(loss) ("OCI"), net of deferred income taxes, in the consolidated statements of comprehensive income. The Bank elected the fair value option for certain available-for-sale securities at inception, in accordance with ASC 825, Financial Instruments ("ASC 825"). The changes in unrealized gains and losses for these securities are included in net loss on fair value measurements on the consolidated statements of income. Interest revenue arising from securities is included in interest income on the consolidated statements of income.

For available-for-sale securities that are deemed to have other-than-temporary impairment due to a change in the Bank's intent to sell, the full decline in fair value below cost is included in current earnings. For available-for-sale securities that are deemed to have other-than-temporary impairment as a result of credit impairment, only the decline in fair value for credit-related impairment below cost is included in current earnings. Impairments related to other factors are recorded in OCI, net of applicable taxes. Credit related impairment is recognized as an allowance for credit losses ("ACL") on the Statement of Condition, limited to the amount by which the amortized cost basis exceeds the fair value, with a corresponding adjustment to earnings. Both the ACL and the adjustment to net income may be reversed if conditions change.

Gains and losses on disposition of securities are based on the net proceeds received as compared to the adjusted carrying amount of the securities sold by using the First In First Out (FIFO) method. Refer to Notes 6 and 7 for further details.

Loans

Loans are stated at the principal amount outstanding, reduced by unearned discounts, deferred loan fees and allowance for loan losses. Interest is calculated by using the simple interest method on daily balances of the principal amount outstanding. Unearned discounts are recognized as interest income over the term of the loans using the effective interest method. Loan fees and certain direct costs associated with originating or acquiring loans are deferred and amortized over the term of the loan using the effective interest method.

Certain loans are recorded and measured at fair value in accordance with ASC 825, as the Bank has elected the fair value option for such loans. Such loans and accrued interest are stated at fair value with unrealized gains and losses included in net gain (loss) on fair value measurements. Interest revenue arising from those loans is included in the interest income on the consolidated statements of income. All up-front fees and costs related to those loans are recognized as fees and service charges and other expenses, respectively, in the consolidated statements of income. Premiums and discounts are recognized in interest income as incurred and not deferred. The allowance for loan losses is not applied to such loans. Refer to Note 23 for further details on fair value of the loans.

Nonaccrual loans are those loans on which the accrual of interest ceases when principal or interest payments are past due 90 days or more, unless, in the opinion of management, based upon a review of the borrower's or guarantor's financial condition, collateral value or other factors, full repayments are expected. A loan may be placed on nonaccrual status prior to the 90-day period if, in management's opinion, conditions warrant nonaccrual status. Generally, accrued interest is reversed when a loan is placed on nonaccrual status. Interest payments received on this loan may be recognized as income or applied to principal depending on management's judgment.

A modified loan is considered a troubled debt restructuring ("TDR") when the borrower is experiencing financial difficulties and the Bank grants a concession to the borrower that would not typically be considered. No single factor, by itself, is indicative of whether restructuring a debt is a TDR. The Bank evaluates the overall general decline in the economy and deteriorations of the borrower's financial condition. The Bank grants a concession when the nature and amount of the additional collateral or guarantees received as part of a debt restructuring do not serve as adequate compensation for other terms of the restructuring. When additional guarantees are received in a restructuring, the Bank evaluates both the guarantor's ability and willingness to pay the balance owed. The Bank reports all TDR loans as impaired loans until they mature or are paid down.

Uncollected overdraft amounts are charged off after 60 days outstanding. Any such amounts charged off are charged back directly against the Bank's current earnings and not against the provision for credit losses.

Allowance for Loan Losses

The Bank adopted Accounting Standard Update No. 2016-13 on January 1, 2023. The Bank recorded a net increase to retained earnings of $1.7 million, upon adoption. Results for the period beginning after January 1, 2023 are presented under Accounting Standards Codification ("ASC") 326 and follow the current expected credit losses ("CECL") methodology. Prior periods continue to be reported in accordance with the previously applicable U.S. GAAP, which followed the incurred credit loss methodology. The following policies noted are under the current expected credit loss methodology. Under CECL, allowance for credit losses (ACLs) are estimates of the expected credit losses on financial assets measured at amortized cost, based on relevant information about past events, historical credit loss experience on financial assets with similar risk characteristics, current conditions, and reasonable and supportable forecasts that affect the collectability of the remaining cash flows over the contractual term of the financial assets. In the event that collection of principal becomes uncertain, the Bank has policies in place to reverse accrued interest in a timely manner. Therefore, the Bank has made a policy election to exclude accrued interest from the amortized cost basis.

Expected credit losses are reflected in the allowance for credit losses (ACL) through a charge to the provision for credit loss expense. When the Bank deems all or a portion of a financial asset to be uncollectible, the appropriate amount is written off and the ACL is reduced by the same amount. In general, the principal balance of a loan is charged off in full or in part when management concludes, based on the available facts and circumstances, that collection of principal in full is not probable.

The Bank measures expected credit losses of financial assets at the loan level by segment, by pooling loans when the financial assets share similar risk characteristics. Depending on the nature of the pool of financial assets with similar risk characteristics, the Company uses a discounted cash flow ("DCF") method to estimate the expected credit losses. Allowance on loans that do not share risk characteristics are evaluated on an individual basis.

The Bank's methodologies for estimating the ACL consider available relevant information about the collectability of cash flows, including information about past events, current conditions, and reasonable and supportable forecasts. The methodologies apply historical loss information, adjusted for asset-specific characteristics, economic conditions at the measurement date, and forecasts about future economic conditions expected to exist through the contractual lives of the financial assets that are reasonable and supportable, to the identified pools of financial assets with similar risk characteristics for which the historical loss experience was observed.

The Bank has identified the following pools of financial assets with similar risk characteristics for measuring expected credit losses:

- CRE – Construction/Land Development
- CRE – Multifamily
- CRE – Non-Owner Occupied
- CRE – Owner Occupied
- CRE – Residential First Lien
- Commercial Unsecured
- Consumer – Access Loans <30 PD
- Consumer – Access Loans – 30-59 PD
- Consumer – Access Loans – 60-90 PD
- Consumer – Access Loans – 90+ PD
- Other (overdrafts and credit cards)
- PE – Capital Call and Management Company

Loans that are carried at fair value or fully secured by marketable securities are not included in the ACL methodology.

If a financial asset does not share similar risk characteristics with other assets, expected credit losses for that asset are evaluated individually based on the appropriate method.

The Bank uses the DCF method to estimate expected credit losses. The model also considers the need to qualitatively adjust expected loss estimates for information not already captured in the loss estimation process. These qualitative factors include, but are not limited to, those suggested by the Interagency Policy Statement on Allowances for Credit Losses. These qualitative factor adjustments may increase or decrease the Company's estimate of expected credit losses.

Premises and Equipment

Premises and equipment, including land, building and improvements, and computer hardware and software are stated at cost, less any accumulated depreciation and amortization, and right-of-use asset. Depreciation of furniture, equipment, computer software and hardware is computed by the straight-line method based on the estimated useful lives of the assets, which are in the range of three to five years. Depreciation of the building is computed by the straight-line method over the estimated useful life of 41 years. Improvements are amortized over the shorter of the life of the related lease or the estimated useful lives of the assets. Building improvements are amortized when the assets are placed in service. Right-of-use assets are depreciated on a straight-line basis over the useful life of the underlying asset. Artwork and land are carried at cost and are not amortized.

Goodwill and Intangible Assets

The Bank evaluates the recoverability of finite-lived intangible assets for possible impairment annually and whenever events or circumstances indicate that the carrying amount of such assets may not be recoverable.

Intangible assets acquired in business acquisitions are amortized on a straight-line basis over the estimated useful lives of the assets. The approximate useful lives for amortization of the Bank's core deposits and customer relationship intangible assets are 12 years. The amortization expense is included in other operating expense in the consolidated statements of income.

Goodwill is measured as of the acquisition date at the excess of consideration transferred over the net fair value of assets acquired and liabilities assumed in a business acquisition. Goodwill is not amortized for accounting purposes.

The Bank is required to assess goodwill for impairment by comparing the estimated fair value of the reporting unit with its respective carrying value. If the estimated fair value exceeds the carrying value, goodwill is not deemed to be impaired. If the estimated fair value is less than carrying value further analysis is required to determine the amount of the impairment. The estimated fair values of the reporting units are derived based on valuation techniques the Bank believes market participants would use for each of the reporting units. No impairment was recorded for goodwill in 2024. During 2023, the Bank impaired $5,854 from goodwill related to the unwinding of the consumer loan business acquired in 2021. No impairment was recorded for intangible assets for both 2024 and 2023.

Derivative Financial Instruments and Hedging Activities

The Bank uses various derivative financial instruments, including interest rate swaps and foreign exchange contracts, to manage the interest rate characteristics of certain assets or liabilities and to economically hedge against the effects of fluctuations in interest rates or foreign exchange rates. The Bank adheres to ASC 815, Derivatives and Hedging ("ASC 815"), which establishes accounting and reporting standards for derivative instruments, as well as certain derivative instruments embedded in other contracts that are outside of the Bank's trading activities.

The Bank elected to early adopt Accounting Standards Update ("ASU") 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities and began applying hedge accounting for certain transactions. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge. In addition, the Bank has continued to enter into derivative contracts that are intended to economically hedge certain of its risk, even though the Bank has not designated such derivatives for hedge accounting. All derivatives are recorded at fair value as derivative assets or derivative liabilities on the consolidated statements of financial condition.

For derivatives designated and that qualify as fair value hedges, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in interest income. The Bank's fair value hedges consist of interest rate swap agreements that are intended to modify the exposure to interest rate risk on fixed rate securities available-for-sale and loans.

Certain fair value hedges are considered to be 100% effective as each meets shortcut method accounting requirements, and accordingly, the changes in fair values of both the interest rate swap contracts and related available-for-sale securities are recorded as equal and offsetting gains and losses in the consolidated statements of income. Accordingly, there was no gain or loss recognized in current period earnings related to these hedges.

For fair value hedges that do not meet shortcut accounting requirements the extent to which these instruments are effective at achieving offsetting changes in fair value must be assessed at least quarterly. For loans designated in hedging relationships, the difference between the change in fair value of the interest rate swap and the change in the fair value of the loan relating to the hedged risk is reported in earnings on the consolidated statements of income as an adjustment to interest income.

If a hedging relationship is discontinued as a result of not passing the effectiveness tests, and the derivative instrument is not redesignated to a new hedging relationship, the subsequent change in fair value of such instrument is charged directly to earnings. Changes in fair value of derivatives not designated in hedging relationships are recorded directly to earnings and included in net loss on fair value measurements or net gain on foreign currency valuation on securities and derivatives on the consolidated statements of income. The derivative assets and liabilities related interest income/(expense) on derivatives not designated as hedging instruments is recorded in net loss on fair value measurements in the consolidated statements of income.

To reduce credit exposures on derivatives transactions, the Bank enters into master netting agreements with counterparties that permit it to offset receivables and payables with such counterparties. For derivative contracts cleared through certain central clearing parties that have modified their rules to treat variation margin payments as settlements, the fair value of the respective derivative contracts are reported net of the variation margin payments. The Bank records the foreign exchange contracts, included within the derivative assets and liabilities, on a net-by-counterparty basis (i.e., the net payable or receivable for derivative assets and liabilities for a given counterparty) in the consolidated statements of financial condition when a legal right of setoff exists under ASC 210-20-45, Balance Sheet Offsetting, or ASC 815-10-45, Derivatives and Hedging – Balance Sheet Netting. The Bank also offsets the interest-bearing deposits pledged as collateral in the derivative assets and liabilities in the consolidated statements of financial condition. Refer to Note 23 for further details.

Deposits

Deposits consist of demand, money market, NOW, savings, and time deposits accounts. Included within time deposits are brokered certificates of deposit issued by the Bank. The Bank has elected the fair value option in accordance with ASC 825 for certain brokered time deposits. Refer to Note 23 for further details.

Borrowings

Generally, borrowings include overnight borrowings with affiliated banks and advances from the Federal Home Loan Bank of New York ("FHLBNY"). Overnight borrowings with affiliated banks are payable the next business day and generally bear interest at a rate less than the federal funds rate. Advances from the FHLBNY have an original maturity of 90 days or less with preset interest rates determined by the FHLBNY.

Foreign Currency Transactions
Foreign currency transactions are accounted for at the exchange rates prevailing on the related transaction dates. Assets and liabilities denominated in foreign currencies are recorded and reported in the accompanying consolidated statements of financial condition using the period-end exchange rates. Gains and losses resulting from the settlement of foreign currency transactions and from the revaluation of assets and liabilities denominated in foreign currencies are recognized as net gain on foreign currency valuation on securities and derivatives in the consolidated statements of income.

Federal Reserve Bank of New York Stock and Federal Home Loan Bank of New York Stock
The Bank's investments in the FRBNY and the FHLBNY stocks are carried at par value. The Bank is required to maintain a minimum level of investment in the FRBNY stock based on the capital of the Bank. As a member of the FHLBNY, the Bank is required to own shares of the FHLBNY stock. The FHLBNY's requirement is based on the amount of either the eligible collateral or advances outstanding from the FHLBNY. The Bank periodically evaluates the FRBNY and the FHLBNY stocks for other-than-temporary impairment. The Bank's determination of whether these stocks are impaired is based on its assessment of ultimate recoverability of par value rather than recognizing temporary declines in value. The determination of whether the decline affects the ultimate recoverability is influenced by the criteria such as: (1) the significance of the decline in net assets of the FRBNY and the FHLBNY as compared to the capital stock amounts for the FRBNY and the FHLBNY and the length of time this situation has persisted; (2) commitments by the FRBNY and the FHLBNY to make payments required by law or regulation and the level of such payments in relation to the operating performance of the FRBNY and the FHLBNY; (3) the impact of legislative and regulatory changes on institutions and, accordingly, on the customer base of the FRBNY and the FHLBNY; and (4) the liquidity position of the FRBNY and the FHLBNY. Based on this evaluation, the Bank determined there is not an other-than-temporary impairment of the stocks as of December 31, 2024 and 2023. The par value of the FHLBNY stocks is included in other assets in the consolidated statements of financial condition. Dividend income from the FRBNY and the FHLBNY stocks is included in the caption of other income in the consolidated statements of income.

Fees and Service Charges, and Other Income
Fees and service charges include custody and banking fees. Other income primarily consists of commission income recorded on trade date basis by SSL, the Bank's broker-dealer subsidiary. Also included within other income is other commissions earned by the Bank, and interest income earned from bank owned life insurance.

Revenue Recognition
The majority of the Bank's revenues come from interest income and other sources, including loans, investments and derivatives, that are outside the scope of ASC 606, Revenue from Contracts with Customers ("ASC 606"). The Bank's services that fall within the scope of ASC 606 are presented within Other Income and are recognized as revenue as the Bank satisfies its performance obligation to the customer. Services within the scope of ASC 606 include revenues from brokerage fees, custody fees, wealth management fees, service charges on deposits, interchange and credit card fees, and other commissions.

$	**2024**	2023
Net gain on fair value measurements[a)]	50,163	68,793
Net gains (loss) on sales of securities[a)]	4	(5,532)
Brokerage fees	76,782	48,995
Custody fees	27,763	22,608
Wealth management fees	20,434	15,503
Service charges on deposits	12,113	12,326
Net gain on foreign currency revaluation[a)]	10,149	6,821
Interchange and credit card fees	3,879	3,183
Other[b)]	5,165	9,711
Total other income	**206,453**	**182,408**

[a)] Not within the scope of ASC 606.
[b)] The other category includes $1,341 consisting mostly of loan prepayment fees, letter of credit fees and other fees, which is within the scope of ASC 606. The remaining balance of $3,824 are mainly the interest income earned from bank owned life insurance, dividends from the Federal Reserve Bank and Federal Home Loan Bank stocks, charges on cash accounts and bargain on acquisition which is outside the scope of ASC 606.

A description of the Bank's revenue streams accounted for under ASC 606 follows:

Brokerage fees and commissions
The Bank earns fees from investment brokerage services provided to its customers. The Bank profits from mark-ups and mark-downs on riskless principal transactions, in which the Bank, upon receipt of an order to buy or sell a security, buys or sells that security in order to fill the customer order. Brokerage Fees are transaction-based commissions, including trade execution services. The Bank believes that the performance obligation is satisfied on the trade date for riskless principal trading and commissions because that is when the underlying financial instrument or purchaser is identified, the pricing is agreed upon and risks and rewards of ownership have been transferred to/from the customer.

Custody fees
The Bank earns custody fees for safekeeping securities on behalf of the customer. Custody is a service in which the Bank earns custody fees for safekeeping securities on behalf of the customer, which reduces the risk of the customer losing their assets or having them stolen. They are also available to the Bank to sell at the customer's demand. Custody provides an investor to store assets with little risk. Custody fees are earned over the course of a month, representing the period over which the Bank satisfies the performance obligation, and are assessed based on the market value of assets under custody at month-end.

Wealth management and brokerage fees
The Bank earns wealth management and brokerage fees from its contracts with customers to manage assets for investment, and/or to transact on their accounts. Wealth Management Fees are produced from investment advisory services provided to its customers by an affiliate service provider. These fees are primarily earned over time as the affiliate provides the contracted quarterly services and are generally assessed based on a tiered scale of the market value of assets under management ("AUM") at month-end. The affiliate pays the Bank a percentage of its fees earned from the customers, because the Bank (i) acts as an introducer in arranging the relationship; and (ii) does not control the services rendered to the customer.

Service charges on deposit accounts
The Bank earns fees from its deposit customers for transaction-based, account maintenance and overdraft charges. Transaction-based fees, which include services such as ATM use fees, stop payment charges, wire transfer and ACH fees, are recognized at the time the transaction is executed. Account maintenance fees, which relate primarily to monthly maintenance, are earned over the course of a month, representing the period over which the Bank satisfies the performance obligation. Overdraft charges are recognized at the point in time that the overdraft occurs.

Interchange and credit card fees
The Bank earns interchange and credit card fees from credit cardholder transactions conducted through the MasterCard payment network, and credit card fees annually. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services provided to the cardholder. Credit card fees, which relate primarily to the annual maintenance, are earned over the course of a year, representing the period over which the Bank satisfies the performance obligation.

Income Taxes

The Bank accounts for income taxes in accordance with the provisions of ASC 740, Income Taxes ("ASC 740"), which requires that an asset and liability approach be applied in accounting for income taxes and that deferred tax assets and liabilities be reflected for temporary differences using tax rates expected to be in effect when such differences reverse. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. In assessing the usability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized.

The Bank is included in the consolidated federal income tax return and combined state/city tax returns of the Parent. Current and deferred taxes are allocated to the Bank under the "separate-return" method. Under this method, the Bank is assumed to file a separate return with the taxing authority, thereby reporting its taxable income or loss and paying the applicable tax to or receiving the appropriate refund from the Parent as if the Bank was a separate taxpayer, except that net operating losses (or other current or deferred tax attributes) are characterized as realized (or realizable) by the Bank when those tax attributes are realized (or realizable) by the consolidated federal and combined state/city tax return group even if the Bank would not otherwise have realized the attributes on a stand-alone basis. Combined state apportionment factors are also utilized by the Bank. This method for allocating income tax expense, pursuant to this income tax allocation is systematic, rational and consistent with the broad principles of ASC 740.

The Bank recognizes tax positions in the consolidated financial statements only when it is more likely than not that the position will be sustained upon examination by relevant taxing authorities based on the technical merits of the position. A position that meets this standard is measured at the largest amount of benefit that will more likely than not be realized upon settlement. A liability is established for differences between positions taken in a tax return and amounts recognized in the consolidated financial statements.

The Bank recognizes interest and penalties related to such a position within the income tax expense line in the accompanying consolidated statements of income, and a liability for unrecognized tax benefits (“UTB”) which is included in other liabilities in the accompanying consolidated statements of financial condition.

Fair Value Option for Financial Instruments

ASC 825 permits entities to elect to measure financial instruments and certain eligible items at fair value upon entering into the transaction. The objective of the fair value option is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. The Bank has elected the fair value option for certain available-for-sale securities, loans and deposits. Refer to Note 22 for further details.

Acquisition of Consumer Loan Business

On August 18, 2021, the Bank acquired the consumer loan business of Access Loans LLC for $12,885. The acquisition was accounted for under the acquisition method of accounting pursuant to ASC 805, Business Combinations. The Bank paid cash of $10,869 for the acquired business which included consumer loans at fair value of $7,230. The purchase price included $5,028 for the assumption and payoff of third party debt and $1,516 for the discharge of loans previously made by the Bank to Access Loans LLC. The Bank recorded $5,655 of goodwill related to the acquisition. The purchase agreement provides for additional payments of up to $7,000 based on net earnings of the unit for the periods beginning at acquisition date and ending December 31, 2024 and 2025. These contingent payments have not been reflected in the consolidated financial statements as the conditions have not been met. During 2023, the Bank decided to unwind and exit the consumer loan business. It is anticipated that the remaining portfolio of $297 as of December 31, 2024 (2023: $ 3,665) will pay down by April 2026.

LIBOR Transition

The London Interbank Offered Rate (“LIBOR”) is the reference rate used for many of the Bank’s transactions, including lending, securities and the derivatives that are used to manage risk related to such transactions. LIBOR is calculated daily by the Intercontinental Exchange for several currencies, maturities and tenors resulting in the daily reporting of 35 LIBOR rates that are used in various financial products and instruments worldwide.

The United Kingdom Financial Conduct Authority (“FCA”), which regulates the process for establishing LIBOR, announced in July 2017 that the sustainability of LIBOR could not be guaranteed. As previously announced in 2020, the ICE Benchmark Administration, the administrator of US Dollar LIBOR ceased publication of 1-week and 2-month USD LIBOR at the end of 2021 and intends to cease publication of the remaining USD LIBOR tenors on June 30, 2023. In the US, the Alternative Reference Rates Committee, a group of private-market and official sector participants, identified the Secured Overnight Financing Rate (“SOFR”) as its recommended alternative benchmark rate. Effective January 1, 2022, the Bank ceased entering into new swaps and loans referencing LIBOR. In addition, the reference rates on certain types of loans existing as of December 31, 2021 were changed from LIBOR to SOFR-based rates on January 1, 2022, and all other loan agreements with maturities after June 30, 2023 have been modified with fallback language allowing the replacement of LIBOR-based rates. Management has further mitigated the risks relating to the LIBOR transition by adhering to the ISDA IBOR Fallbacks Protocol which provides for SOFR-based replacement rates on derivatives that use LIBOR as a reference rate, which were entered into on or before December 31, 2021.

Business Combination

On October 1, 2023, the Parent closed the acquisition of Delta North BankCorp, Inc in an all-cash transaction. In addition, the Parent and SNBNY received approval from the Federal Reserve Bank and from the Office of the Comptroller of the Currency, respectively, to merge Delta National Bank and the Trust Company ("Delta") into Safra National Bank of New York, with SNBNY being the surviving entity for no consideration and treated as a capital contribution from its parent.

The acquisition of Delta North BankCorp has been accounted for as a business combination. The Company recorded the estimate of fair value based on valuation as of acquisition date on October 1, 2023.

$	Amount
Purchase price consideration (by Parent)	**60,542**
Fair value of assets acquired:	
Cash & cash equivalent	220,772
Securities	77,923
Loans held for investment	47,290
Other assets	7,241
Total acquired assets	353,226
Fair value of liabilities assumed:	
Deposits	149,248
Borrowings	148,100
Other liabilities	5,204
Total liabilities assumed	302,552
Fair value of net identifiable assets	50,674
Bargain purchase gain	3,835

In connection with the acquisition, the Company recorded $13,704 in intangible assets and a bargain purchase gain of $3,835.

Fair value of Assets Acquired and Liabilities Assumed:

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants to the measurement date, reflecting assumptions that a market participant would use when pricing an asset or liability. In some cases, the estimation of fair values requires management to make estimates about discount rates, future expected cash flows, market conditions, and other future events that are highly subjective in nature and are subject to change.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which amended the guidance on accounting for credit losses. The amended guidance requires measurement of all expected credit losses for financial instruments and other commitments to extend credit held at the reporting date. For financial assets measured at amortized cost, factors such as historical experience, current conditions, and reasonable and supportable forecasts will be used to estimate expected credit losses. The amended guidance will also change the manner in which credit losses are recognized on debt securities classified as available-for-sale. In November 2018, the FASB issued ASU No. 2018-19, Codification Improvements to Topic 326, Financial Instruments—Credit Losses, which amends two areas of the new guidance. The Bank has adopted this guidance as of January 1, 2023 using a retrospective approach and recorded an increase to retained earnings of $1,691 upon adoption.

On January 1, 2023, the Company adopted ASU 2022-02, which eliminated the accounting guidance on TDRs for creditors for all loan modifications to borrowers experiencing financial difficulty occurring on or after January 1, 2023. In cases where a borrower experiences financial difficulty, the Company may grant certain modifications to the terms and conditions of a loan. Modifications may result in a payment delay, interest rate reduction, term extension, principal forgiveness, or combination thereof. Loan modifications are offered on a case-by-case basis and are generally payment delay, term extension and/or interest rate reduction modification. When a loan is modified, the bank will evaluate whether the modification represents a new loan or a continuation of an existing loan, consistent with the accounting for other loan modifications.

The Company currently has no TDR Loans, the standard did not have a significant impact on the Company's consolidated financial statements.

2. INTEREST-BEARING DEPOSITS WITH BANKS

As of December 31, 2024, interest-bearing deposits with banks in the amount of $3,941,008 (2023: $3,707,744) on the consolidated statements of financial condition consist principally of time deposits with foreign and domestic banks, deposits with the FRBNY, and a deposit of $15,266 (2023: $19,301) with an affiliated bank. The time deposits bear interest at rates ranging from 4.25% to 5.99%, with maturities from February 2025 to February 2026 (2023: 0.25% to 5.40%, with maturities in January and December 2024).

Included in the interest-bearing deposits with banks amounts noted above are also deposits with the FRBNY bearing interest of 4.4% and 5.40%, amounting to $3,623,687 and $3,691,301 at December 31, 2024 and 2023, respectively.

Regulations of the Federal Reserve Board require depository institutions to maintain reserves, which are not available for investment purposes. As of March 26, 2020, FRBNY reduced the reserve requirement ratio to zero percent, thus there is no more required cash reserve.

3. CASH AND CASH EQUIVALENTS, INCLUDING RESTRICTED CASH

In accordance with SEC Rule 15c3-3, SSL as a broker carrying customer accounts, is subject to requirements related to maintaining cash and/or U.S. Government securities in a segregated reserve account for the exclusive benefit of its customers, which as of December 31, 2024 and 2023, amounted to cash of $225 and $216, respectively, and qualified securities as defined by SEC Rule 15c3-3 with a fair value of $6,180 and $5,970, respectively.

At December 31, 2024 and 2023, cash, cash equivalents and restricted cash consisted of the following:

$	**2024**	2023
Cash and due from banks	95,874	111,782
Short-term investments	72,683	54,420
Restricted cash included in cash and securities segregated under federal or other regulations	225	216
Total	**168,782**	**166,418**

4. RELATED-PARTY TRANSACTIONS

The ultimate shareholders of the Bank also control various other companies (affiliates) located in the United States of America, Latin America, and Europe. Transactions with such affiliates arise in the normal course of business. A summary of transactions and balances with affiliates as of and for the years ended December 31, 2024 and 2023, are as follows:

$	**2024**	2023
ASSETS:		
Cash and due from banks	72	10
Interest bearing deposits with banks	15,266	19,301
Loans	98,481	126,026
Interest receivable	96	133
Other assets	36,884	40,519
LIABILITIES:		
Demand deposits	40,188	31,810
Money market accounts, NOW, and savings deposits	48,035	334,379
Time deposits	144,860	131,117
Interest payable	368	192
Other liabilities	14,725	23,872
INCOME AND EXPENSE FOR THE YEARS ENDED DECEMBER 31:		
INCOME:		
Interest income on loans	7,515	7,614
Consulting, introducing and advisory fee income (included in fees and service charges)	20,988	16,029
EXPENSE:		
Interest expense on deposits and borrowings	10,056	18,215
Professional services (included in professional fees)	23,471	20,090
Interest expense on lease	92	286
Depreciation expense lease (included in occupancy expenses)	3,732	3,732
Charitable contributions (included in other operating expenses)	14,000	9,500

Pursuant to service agreements, SNBNY charges certain affiliates for expenses, which are included in the income and expenses shown above. The allocation of expenses from SNBNY to certain affiliates is based on SNBNY's proportionate head counts and allocated time.

In August 2006, a loan of $263,738 was provided to the Parent to acquire and retire 50% of the Parent's equity shares. As of December 31, 2024 and 2023, the loan balance was reduced to $75,470 and $113,471 respectively. The loan is fully secured by U.S. agency/government securities and deposits. All other loans provided to affiliates as of December 31, 2024 and 2023 of $11,506 and $12,555, respectively, are fully secured by U.S. agency/government securities and deposits. The average interest rates on all loans provided to related parties for the years ended December 31, 2024 and 2023 were 5.15% and 5.97%, respectively. As of December 31, 2024 and 2023, letters of credit of $0 and $53, respectively, have been issued on behalf of affiliates.

There were no borrowings with affiliates on the consolidated statements of financial condition at December 31, 2024 and 2023. The average balance of overnight borrowings with affiliates which are recorded in borrowings on the consolidated statements of financial condition, during the years of 2024 and 2023 were $0 and $322,068, respectively, and the average interest rate on overnight borrowings with affiliates during the years ended December 31, 2024 and 2023 were 0% and 3.13%, respectively.

Other assets include receivables for unsettled securities transactions, taxes and expense reimbursements. Other liabilities include payables for professional fees, rent and other accrued expenses.

5. SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL AND SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

Information concerning financial assets purchased under agreements to resell is summarized as follows:

$	**2024**	2023
Balance as of December 31,	–	–
Average balance during the year	–	917
Average interest rate earned during the year	0.00%	4.92%
Highest balance at any month end	–	5,142

The Bank enters into repurchase agreements to obtain short-term financing. The counterparties to these agreements may sell, loan, or otherwise dispose of such financial assets to other parties in the normal course of their operations, and will agree to resell to the Bank identical financial assets at the maturities of these agreements.

Information concerning securities sold under agreements to repurchase is summarized as follows:

$	**2024**	2023
Balance as of December 31,	–	–
Average balance during the year	7,720	916
Average interest rate paid during the year	4.27%	4.92%
Highest balance at any month end	85,860	5,158

The Bank does not net securities purchased under agreements to resell and securities sold under agreements to repurchase. The securities purchased under agreements to resell and securities sold under agreements to repurchase were open-maturity and monthly term agreements during 2024.

6. INVESTMENT SECURITIES

The Bank elected the fair value option ("FVO") for certain securities in order to align the accounting with swaps and foreign currency forward contracts that hedge the risk associated with the investments. The swaps and forwards do not qualify for hedge accounting and the change in value of the swaps and forwards are recorded in net gain or loss on fair value measurements on the consolidated statements of income. These securities are classified as investment securities on the consolidated statements of financial condition. The change in value of FVO securities is recorded in net gain or loss on fair value measurements on the consolidated statements of income.

The amortized cost, gross unrealized gains/(losses), and fair value of securities including elected fair value option investment securities as of December 31, 2024 and 2023, were as follows:

Securities at December 31, 2024

$	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Obligations of states, local, U.S. Sponsored agencies, and political subdivisions	967,415	–	(140,950)	826,465
Agency mortgage-backed securities	30,364	5	(845)	29,524
Total Investment Securities: Fair Value Option	997,779	5	(141,795)	855,989
Obligations of U.S. government	802,813	1,844	(134)	804,523
Corporate debt securities	144,251	–	(5,675)	138,576
Obligations of states, local, U.S. Sponsored agencies, and political subdivisions	219,324	–	(73,194)	146,130
Agency mortgage-backed securities	980,593	456	(6,268)	974,781
Total Investment Securities: Available for sale	2,146,981	2,300	(85,271)	2,064,010
Total Investment Securities	**3,144,760**	**2,305**	**(227,066)**	**2,919,999**
Held-to-Maturity Securities:				
Agency mortgage-backed securities	215	2	(1)	216
Total held-to-maturity securities	**215**	**2**	**(1)**	**216**

Securities at December 31, 2023

$	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Obligations of states, local, U.S. Sponsored agencies, and political subdivisions	973,074	–	(112,415)	860,659
Agency mortgage-backed securities	23,334	–	(990)	22,344
Total Investment Securities: Fair Value Option	996,408	–	(113,405)	883,003
Obligations of U.S. government	648,958	196	(6,859)	642,295
Corporate debt securities	144,461	–	(9,599)	134,862
Obligations of states, local, U.S. Sponsored agencies, and political subdivisions	219,913	–	(66,935)	152,978
Agency mortgage-backed securities	941,917	33	(18,064)	923,886
Total Investment Securities: Available for sale	1,955,249	229	(101,457)	1,854,021
Total Investment Securities	**2,951,657**	**229**	**(214,862)**	**2,737,024**
Held-to-Maturity Securities:				
Agency mortgage-backed securities	316	2	(2)	316
Total held-to-maturity securities	**316**	**2**	**(2)**	**316**

Investment securities with unrealized losses as of December 31, 2024 and 2023 including elected fair value option securities, are presented in the following table by the length of time, for which individual securities have been in a continuous unrealized loss position.

As of December 31, 2024

				Less Than 12 Months		Greater Than 12 Months	
$	Amortized Cost	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Investment Securities:							
Obligation of U.S. Government	376,098	375,964	(134)	375,964	(134)	–	–
Corporate debt securities	144,251	138,576	(5,675)	–	–	138,576	(5,675)
Obligations of states, local, U.S. Sponsored agencies, and political subdivisions	1,186,739	972,595	(214,144)	–	–	972,595	(214,144)
Agency mortgage-backed securities	920,603	913,489	(7,113)	59,424	(142)	854,065	(6,971)
Total	**2,627,691**	**2,400,624**	**(227,066)**	**435,388**	**(276)**	**1,965,236**	**(226,790)**

As of December 31, 2023

				Less Than 12 Months		Greater Than 12 Months	
$	Amortized Cost	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Investment Securities:							
Obligation of U.S. Government	400,062	393,203	(6,859)	–	–	393,203	(6,859)
Corporate debt securites	144,461	134,863	(9,597)	–	–	134,863	(9,597)
Obligations of states, local, U.S. Sponsored agencies, and political subdivisions	1,192,986	1,013,636	(179,350)	–	–	1,013,636	(179,350)
Agency mortgage-backed securities	963,937	944,881	(19,056)	6,849	(167)	938,032	(18,889)
Total	**2,701,446**	**2,486,583**	**(214,862)**	**6,849**	**(167)**	**2,479,734**	**(214,695)**

There were $1 in gross unrealized loss for held to maturity securities as of December 31, 2024 as compared to $5 as of December 31, 2023 and therefore they were all in an unrealized loss position for less than 12 months. The number of available-for-sale securities with unrealized losses were 125 and 100 while the number of held-to-maturity securities with unrealized losses were 29 and 20 at December 31, 2024 and 2023, respectively. The unrealized losses associated with available-for-sale and held-to-maturity securities are related to changes in interest rates and do not affect the expected cash flows of the underlying collateral or issuer. The decline in fair value at December 31, 2024 and 2023, below the amortized cost of the investments is deemed to be temporary because the Bank does not have the intent to sell nor is it probable that the Bank will be forced to sell such securities. In addition, there has been no credit impairment noted. The Bank considered all available evidence to evaluate the realizable value of its investments, including factors, such as the associated credit risk, interest rate, and prepayment risk.

The amortized cost and fair value of securities at December 31, 2024 and 2023, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. In addition, agency mortgage-backed securities are not categorized based on the maturity as they are not due at a single maturity date.

Securities at December 31, 2024

$	Amortized Cost	Fair Value
Investment Securities:		
Due in one year or less	75,052	73,887
Due after one year through five years	846,615	846,298
Due after five years through ten years	137,261	126,633
Over ten years	1,074,875	868,876
	2,133,803	1,915,694
Agency mortgage-backed securities	1,010,957	1,004,305
Total investment securities	**3,144,760**	**2,919,999**
Held-to-Maturity Securities:		
Agency mortgage-backed securities	215	217
Total held-to-maturity securities	**215**	**217**

Securities at December 31, 2023

$	Amortized Cost	Fair Value
Investment Securities:		
Due in one year or less	–	–
Due after one year through five years	648,959	642,294
Due after five years through ten years	118,991	112,015
Over ten years	1,218,456	1,036,486
	1,986,406	1,790,795
Agency mortgage-backed securities	965,251	946,229
Total investment securities	**2,951,657**	**2,737,024**
Held-to-Maturity Securities:		
Agency mortgage-backed securities	316	316
Total held-to-maturity securities	**316**	**316**

Proceeds from sales of available-for-sale securities during the years ended December 31, 2024 and 2023, were approximately $218,957 and $123,856 respectively.

During the year ended December 31, 2024, gross gains of $4 and gross losses of $0 were recorded on sales of securities and are included in net gain on securities transactions in the consolidated statements of income. During the year ended December 31, 2023, gross gains of $9,597 and gross losses of $15,129 were recorded on sales of securities and are included in net gain/(loss) on securities transactions in the consolidated statements of income. During the years ended December 31, 2024 and 2023, there were no losses from other-than-temporary impairment of available-for-sale securities.

A summary of investment securities pledged as collateral for credit lines and securities transactions is as follows:

$	Investment Securities, at fair value	Held-to-Maturity Securities, at amortized cost
At December 31, 2024	2,144,552	215
At December 31, 2023	2,737,024	316

There were no borrowings from FRBNY and FHLBNY at December 31, 2024 and 2023.

7. TRADING SECURITIES

During the years ended December 31, 2024 and 2023, trading securities gains were approximately $53,399 and $30,781, respectively, included in net gain on securities transactions in the consolidated statements of income.

A summary of trading securities at December 31, 2024 and 2023, is as follows:

$	**2024**	2023
Obligations of U.S. government	206,818	187,643
Total trading securities	**206,818**	**187,643**

At December 31, 2024 and 2023, SSL pledged Obligations of U.S. government of $88,109 and $109,663, respectively, with its clearing organizations for the conduct of its day-to-day clearing activities.

8. LOANS

A summary of the composition of the loan portfolio, including hedge accounting basis adjustments, at December 31, 2024 and 2023, is as follows:

$	**2024**	2023
Domestic	1,703,603	1,573,964
Foreign	968,977	950,083
Individuals	414,430	350,540
Total Loans	3,087,010	2,874,587
Deferred loan fees and unearned discounts	(635)	(11)
Allowance for loan losses	(24,539)	(21,247)
Loans — net of allowance for loan losses, deferred loan fees and unearned discounts	**3,061,836**	**2,853,329**

The Bank elected the fair value option for certain loans with an aggregate outstanding principal balance of $349,237 and $459,689 as of December 31, 2024 and 2023, respectively, and recorded these loans at fair value of $332,737 and $438,105, as of December 31, 2024 and 2023, respectively. Refer to Note 22 for further details.

A summary of loans held for investment before allowance for loan losses, deferred loan fees and unearned discounts, and excluding hedge accounting basis adjustments (see Note 24 for further details), classified by Facility Risk Grade according to the Bank's methodology as discussed in Note 1 is as follows:

As of December 31, 2024

$				
Facility	Commercial & Industrial			
Risk Grade	Domestic	Foreign	Individuals	Total
1–6	1,390,892	898,492	466,338	2,755,722
7	30,481	–	3,227	33,708
8	–	–	17	17
9	4,774	–	12	4,786
10	–	–	19	19
11	–	–	23	23
Total	**1,426,147**	**898,492**	**469,636**	**2,794,275**

As of December 31, 2023

$				
Facility	Commercial & Industrial			
Risk Grade	Domestic	Foreign	Individuals	Total
1–6	1,143,240	867,761	346,805	2,357,806
7	112,707	–	3,065	115,772
8	–	–	154	154
9	4,778	–	110	4,888
10	–	–	188	188
11	–	–	147	147
Total	**1,260,725**	**867,761**	**350,469**	**2,478,955**

The maturities of the loan portfolio at December 31, 2024 and 2023 before allowance for loan losses, deferred loan fees and unearned discounts, and excluding hedge accounting basis adjustments (further details on Note 24), is summarized as follows:

$	**2024**	2023
Three months or less	840,643	665,646
Over three months through 12 months	616,320	653,362
Over one year through three years	348,081	302,617
Over three years through five years	392,145	236,946
Over five years through 15 years	155,427	316,335
Over 15 years	790,898	763,739
Total	**3,143,514**	**2,938,645**

The Bank pledged $541,932 and $440,495 at December 31, 2024 and 2023, respectively, of loans before allowance for loan losses, deferred loan fees and unearned discounts, with the FRBNY and the FHLBNY as collateral for credit lines.

9. ALLOWANCE FOR LOAN AND OFF-BALANCE SHEET COMMITMENT LOSSES

The change in the allowance for loan and off-balance sheet commitment losses for the years ended December 31, 2024 and 2023, was as follows:

	LOANS					
$	Domestic	Foreign	Individuals	Foreign Banks	Total	Off-Balance Sheet Commitments
Balance – January 01, 2023	14,315	5,861	2,111	–	22,287	794
Provisions (Benefits)	5,799	(5,861)	58,587		58,525	106
Charge-offs (*)	–	–	(59,631)	–	(59,631)	–
Loan recoveries	–	–	66	–	66	–
Balance – December 31, 2023	**20,114**	**–**	**1,133**	**–**	**21,247**	**900**
Balance – January 01, 2024	**20,114**	**–**	**1,133**	**–**	**21,247**	**900**
Provisions	3,916	–	316		4,232	1,388
Charge-offs	–	–	(1,003)	–	(1,003)	–
Loan recoveries	–	–	63	–	63	–
Balance – December 31, 2024	**24,030**	**–**	**509**	**–**	**24,539**	**2,288**

* Consisting mostly of individually evaluated loan.

The allowance for off-balance sheet commitment losses is included in other liabilities on the consolidated statements of financial condition.

A summary of loans past due, nonaccrual and individually evaluated loans at December 31, 2024 and 2023, is as follows:

$	**2024**	2023
Loans past due 30 through 89 days and still accruing	39	562
Loans past due 90 days or more and still accruing	–	8
Nonaccrual loans	48	541
Individually evaluated loans	–	–

There were no individually evaluated loans, related interest income or interest forgone on nonaccrual loans reported by the Bank.

The Bank does not collectively evaluate any specific group of homogeneous loans for impairment. In accordance with ASC 310-10- 35, the Bank did not evaluate any loan on an individual basis nor had any allowance for individually evaluated loan in December 31, 2024 and 2023. The Bank did not maintain any loans purchased with deteriorated credit as of December 31, 2024 and 2023.

During the year ended December 31, 2021, the Bank made certain loan modifications which are accounted for in accordance with Section 4013 of the CARES Act and the applicable regulatory guidance, therefore not treated as a TDR for accounting or disclosure purposes.

The Bank implemented a payment deferral program to assist both consumer and business borrowers that may be experiencing financial hardship due to the COVID-19 pandemic. As of December 31, 2024 and 2023, $45,131 and $53,336, respectively, of principal and interest was deferred under these arrangements. There were no interest rate reductions and no forgiveness of principal and interest in connection with the loan modifications. Refer to Note 1 for further details.

10. PREMISES AND EQUIPMENT

$	**2024**	2023
Land	5,235	5,235
Building and improvements	155,674	97,501
Furniture and equipment	6,735	6,272
Computer hardware and software	18,314	16,582
Right-of-use assets	12,268	2,886
Artwork	3,466	3,453
Total	201,693	131,929
Less accumulated depreciation and amortization	39,678	35,356
Total premises and equipment, net	**162,015**	**96,573**

The related depreciation and amortization expense, included in occupancy and communications and data processing expenses in the consolidated statements of income, was approximately $4,326 and $3,348 in 2024 and 2023, respectively.

In 2021, management approved a redevelopment plan providing for the demolition of an office building, used for the Bank's and affiliates' premises, and construction of a new building on the site which costs are being capitalized. The carrying amount of the building under construction as of December 31, 2024 and December 31, 2023 is $111,499 and $67,003, respectively. Depreciation will begin when construction is completed and the building is capable of being operational in the manner intended by management.

11. OTHER ASSETS AND OTHER LIABILITIES

Other assets at December 31, 2024 and 2023, included the following:

$	**2024**	2023
Receivable from customers	230,555	200,444
Receivable from brokers, dealers and clearing organizations	21,981	30,049
Accounts receivable	27,334	26,675
Receivable from affiliates	36,513	–
Intangible assets, net	15,895	19,360
Securities borrowed	19	1,986
FHLBNY stock	2,370	2,539
Goodwill	1,837	1,837
Taxes receivable	4,924	13,312
Other assets	8,775	6,981
Total other assets	**350,203**	**303,183**

Amortization expense for the intangible assets, which is included in other operating expenses in the consolidated statements of income, was approximately $3,464 for year ended December 2024 and $1,052 for year ended December 2023.

In 2024, the Bank impaired $0 (2023: $5,854) from goodwill related to the unwinding of the consumer loan business acquired in 2021. No impairment was recorded for goodwill in 2024.

SSL borrows securities from other broker dealers to fulfill short sales by customers and delivers cash to the lender in exchange for securities. The fair value of these borrowed securities, which can be rehypothecated, was $495 and $1,917 at December 31, 2024 and 2023, respectively.

Other liabilities at December 31, 2024 and 2023, included the following:

$	**2024**	2023
Payable to brokers, dealers and clearing organizations	303,039	$226,938
Accrued expenses	21,952	23,059
Lease liability	13,366	2,932
Other liabilities	9,302	3,874
Total other liabilities	**347,659**	**256,803**

12. GEOGRAPHIC CONCENTRATIONS

The following table classifies the international assets (consisting primarily of loans, acceptances, overdrafts, interest-bearing deposits, securities, derivative assets, and cash and due from banks) of the Bank by region of ultimate risk (excluding assets secured by cash deposits):

December 31, 2024

$	Govern-mental Obligations	Financial Institutions	Private Busi-ness and Individuals	Total
Western Europe and Canada	3,080	358,283	105,176	466,539
Brazil	17,004	343,672	7,476	368,152
Other Latin America	10,993	14,960	33,003	58,956
Other	7,806	128,440	114,503	250,749
Total	**38,883**	**845,355**	**260,158**	**1,144,396**

December 31, 2023

$	Govern-mental Obligations	Financial Institutions	Private Busi-ness and Individuals	Total
Western Europe and Canada	497	368,873	111,822	481,192
Brazil	9,281	65,725	14,279	89,285
Other Latin America	18,236	15,321	36,124	69,681
Other	2,402	170,003	160,532	332,937
Total	**30,416**	**619,922**	**322,757**	**973,095**

13. DEPOSITS — LIABILITIES

Deposits — liabilities at December 31, 2024 and 2023 are summarized as follows:

$	**2024**	2023
Demand deposit – non-interest bearing	2,024,579	2,033,605
Money market	1,691,686	1,393,530
NOW and savings	45,286	27,306
Certificates of deposit	1,355,530	1,048,006
Certificates of deposit – brokered	4,344,492	4,419,816
Total deposits – liabilities	**9,461,573**	**8,922,263**

The distribution of certificates of deposit by remaining maturity at December 31, 2024 and 2023 is as follows:

$	**2024**	2023
Maturity in one year or less	5,663,652	5,237,934
Maturity in over one year through three years	35,487	213,819
Maturity in over three years	883	16,069
Total	**5,700,022**	**5,467,822**

At December 31, 2024 and 2023, certificates of deposit in denominations of $250,000 or more were $1,217,613 and $931,077, respectively. The Bank recorded $4,154,957 and $3,701,785 of certificates of deposit – brokered for which the fair value option was elected in accordance with ASC 825 as of December 31, 2024 and 2023, respectively. Refer to Note 22 for further details.

14. OTHER OPERATING EXPENSES

Other operating expenses for the years ended December 31, 2024 and 2023, are as follows:

$	**2024**	2023
Charitable contributions	14,602	9,932
FDIC insurance premiums	6,289	7,150
Other general operating	21,039	22,429
Total other operating expenses	**41,930**	**39,511**

15. INCOME TAXES

The components of the provision for income taxes for the years ended December 31, 2024 and 2023, are as follows:

$	**2024**	2023
Current tax expense:		
Federal	31,210	21,740
State and city	10,047	5,567
Foreign	75	75
Total current tax expense	41,332	27,382
Deferred tax expense/(benefit):		
Federal	(2,143)	561
State and city	(1,037)	(116)
Total deferred tax expense/(benefit)	(3,180)	445
Income taxes	**38,152**	**27,827**

The net deferred tax asset and liability at December 31, 2024 and 2023, were comprised of the following:

$	2024	2023
Deferred tax assets:		
Allowance for loan losses	6,376	4,943
Fair value measurements	4,524	5,895
Capital loss carryforward	360	1,113
Capital loss carryback	–	127
Depreciation and amortization	2,577	1,392
Unrealized losses included in stockholders' equity	1,805	7,675
Accrued compensation	11,108	10,204
Accrued expenses	469	850
Valuation Allowance Capital loss carryforward	(360)	(1,113)
Capitalized items	1,218	–
Lease obligation adjustment	247	–
Other	156	84
Total deferred tax assets	28,480	31,170
Deferred tax liabilities:		
Total deferred tax liabilities	–	–
Net deferred tax asset	**28,480**	**31,170**

The Bank has determined that it is more likely than not that the majority of the deferred tax assets will be fully realized. A valuation allowance of $360 was taken on the capital loss carryforward of $1,408 on the sale of the investment portfolio that is not anticipated to be utilized in the coming year. The valuation allowance is used as an offset of the deferred tax asset on the total gross tax loss of $1,907 less portion that can be carried back to prior years of $498. The realized tax loss carryforward for 2023 of $4,877 and valuation allowance of $1,113 were reduced on the 2023 tax return for basis adjustments. The Bank believes that it is more-likely- than-not that sufficient capital gains to offset the tax loss carryforward will not be generated in the foreseeable future, thus a valuation allowance was deemed necessary.

The provision for income taxes varied from the federal statutory income tax rate for the years ended December 31, 2024 and 2023, as follows:

$	2024	2023
Taxes at federal statutory rate	32,177	22,234
State and city income taxes — net of federal benefit	5,827	4,306
Bank owned life insurance	(457)	(424)
Valuation Allowance	284	920
Dividend received deduction	–	(136)
Other — net	321	927
Provision for income taxes	**38,152**	**27,827**

Income taxes are provided for using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements.

The Bank recognizes interest and penalties related to unrecognized tax benefits ("UTB") within the income tax expense line in the accompanying consolidated statements of income. In 2024 and 2023, no UTB or interest was deemed necessary to be recognized in the consolidated statements of financial condition.

The Bank is subject to taxation in the U.S., New York State, Florida and New York City. As of December 31, 2024, the Bank's tax years 2021 and after are subject to examination by the US tax authority and tax years 2017 and after are subject to examination by state and city tax authorities.

Pursuant to a tax sharing agreement, the Bank reimburses the Parent for all federal, state and city taxes paid in connection with consolidated/combined tax returns. As of December 31, 2024, the Bank had a tax receivable of $4,294 due from Parent, and a tax receivable of $630 for a separately filed state tax return both of which are included in other assets on the consolidated statements of financial condition. As of December 31, 2023, the Bank had a tax receivable of $12,104 due from Parent, and a tax receivable of $1,208 for a separately filed state tax return both of which were included in other liabilities on the consolidated statement of financial condition.

16. ACCUMULATED OTHER COMPREHENSIVE INCOME

The tax effect allocated to each component of AOCI for the years ended December 31, 2024 and 2023 were as follows:

$	Amount before Tax	Tax Benefit (Expense)	Amount Net of Tax
Beginning balance – January 1, 2024	(30,702)	7,676	(23,026)
Net Change in unrealized gain (loss)	23,762	(5,871)	17,891
Amounts reclassified out of AOCI	(4)	1	(3)
Ending balance – December 31, 2024	**(6,944)**	**1,806**	**(5,138)**
Beginning balance – January 1, 2023	(52,711)	13,178	(39,533)
Net Change in unrealized gain (loss)	16,477	(4,119)	12,358
Amounts reclassified out of AOCI	5,532	(1,383)	4,149
Ending balance – December 31, 2023	**(30,702)**	**7,676**	**(23,026)**

17. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

Credit Related Instruments

The Bank enters into various types of agreements with its customers to enhance their credit standing and guarantee performance to third parties or advance funds in the form of loans. These commitments usually have fixed expiration dates and may require payment of a fee. At December 31, 2024 and 2023, such obligations included standby and commercial letters of credit of approximately $113,926 and $68,037, respectively. These amounts represent the maximum principal which the Bank may be required to disburse and the maximum potential exposure if all such obligations were ultimately to become worthless. The arrangements have credit risks essentially the same as that involved in extending loans to customers and are subject to the normal credit policies of the Bank. In addition, the Bank's outstanding unfunded lending commitments were approximately $402,893 and $24,000 at December 31, 2024 and 2023, respectively.

In connection with guarantees issued, substantially all such items were collateralized by deposits or highly liquid assets at December 31, 2024 and 2023.

18. LEASE OBLIGATIONS

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The standard requires lessees to recognize the assets and liabilities that arise from leases in the balance sheet. Additionally, in July 2018, the FASB issued ASU 2018-11, Leases (Topic 842) – Targeted Improvements, which, among other things, provides an additional transition method that would allow entities to not apply the guidance in ASU 2016-02 in the comparative periods presented in the financial statements and instead recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The Bank adopted ASU 2016- 02 and its related amendments as of December 31, 2022, which resulted in the recognition of operating and right-of-use assets totaling $2,886, as well as operating lease liabilities totaling $2,932, respectively. The Bank elected to adopt the transition relief provisions from ASU 2018-11 and recorded the impact of adoption as of December 31, 2023, without restating any prior-year amounts or disclosures.

The related policy elections made by the Bank can be found in Note 1 – Organization and Summary of Significant Accounting Policies. There was no cumulative effect adjustment to the opening balance of retained earnings required. The Bank recognizes right-of-use assets and lease liabilities for all leases, except short-term leases that have a lease term of 12 months or less. Right-of-use assets represents the Bank's right to use an underlying asset for the lease term, and lease liabilities represents the Bank's obligation to make lease payments arising from the lease.

The Bank leases office space in buildings for corporate offices under operating leases. Lease terms range from 2 years to 10 years, with certain leases containing renewal and termination options. The following table summarized the balance sheet impact of leases as of December 31, 2024 and 2023.

$	**2024**	2023
Fixed assets and premises – Right-of-use	12,268	2,886
Accrued expenses and other liabilities – Other liabilities	13,366	2,932

The following summarizes the weighted average remaining lease term and discount rate as of December 31:

	2024	2023
Weighted average remaining lease term	4.58 years	1.73 years
Weighted average discount rate	4.36%	4.61%

The maturities of lease liabilities as of December 31, 2024, were as follows:

Year ending December 31	$
2025	3,202
2026	3,303
2027	2,224
2028–2033	6,458
Total undiscounted cash flows	15,187
Less: net present value discount	(1,821)
Total lease liabilities	**13,366**

The following table summarizes cash flow information related to leases for the years ended December 31:

$	**2024**	2023
Cash paid for amounts included in measurement of lease liabilities	2,732	1,586
Lease assets obtained in exchange for lease obligations	15,186	3,093

19. CREDIT-RELATED RISK CONCENTRATIONS

In the normal course of its business, the Bank's credit-related risk concentrations as of December 31, 2024 and 2023, were as follows:

$	**2024**	2023
Credit exposure in deposits with banks:		
Branches and agencies in the United States of America	4,016,553	3,791,582
Foreign banks	56,095	27,343
Credit exposure in assets of the consolidated statements of financial condition in:		
The U.S. federal government and its agencies	2,706,849	2,527,083
Real estate loan portfolio	1,008,556	974,620
Total	**7,788,053**	**7,320,628**

20. COMMITMENTS AND CONTINGENT LIABILITIES

The Bank is a party to litigations involving various aspects of its business. The Bank believes it has strong defenses and, where appropriate, will vigorously contest these matters. In accordance with applicable accounting guidance, the Bank establishes accruals for litigations when those matters proceed to a stage where they present loss contingencies that are both probable and estimable. The Bank will continue to monitor such matters for developments that could affect the amount of the accrual, and will adjust the accrual amount as appropriate.

In the normal course of business, the Bank may enter into contracts that contain various guarantees and indemnities including contracts where it executes, as agent or principal, transactions on behalf of customers. If the transactions brokered by the Bank do not settle because of failure to perform by either counterparty, the Bank may be required to discharge the obligation of the non-performing party and, as a result, may incur a loss if the fair value of the underlying security is different from the contract amount of the transaction. The Bank has the right to pursue collection or performance from the counterparties who do not perform under their contractual obligations.

21. REGULATORY MATTERS

The Bank, as a national bank, is subject to the dividend restrictions set forth by the OCC. Under such restrictions, a bank may not, without the prior approval of the OCC, declare dividends in excess of the sum of the current year's earnings (as defined) plus the retained earnings (as defined) from the prior two years. In accordance with the aforementioned criteria, the Bank had the ability to declare dividends without the OCC's approval up to $125,661 and $107,806 as of December 31, 2024, and 2023 respectively. In accordance with this restriction, the Bank declared and paid dividends of $45,000 and $55,000 during the years ended December 31, 2024 and 2023, respectively.

The Bank is subject to various regulatory capital requirements administered by federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possible additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Bank's consolidated 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 classification 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 minimum amounts and ratios (set forth in the following table) of Common equity Tier 1 capital, Tier 1 risk-based capital, Total risk-based capital, and Tier 1 leverage ratios (as defined in the regulations). Events beyond management's control, such as deterioration in credit markets, could adversely affect future earnings and the Bank's ability to meet future capital requirements. As of December 31, 2024 and 2023, the Bank meets all capital adequacy requirements to which they are subject.

As of December 31, 2024, the most recent notification from the OCC categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain minimum or exceed Common equity Tier 1 capital, Tier 1 risk-based capital, Total risk-based capital, and Tier 1 leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the Bank's category.

The Bank's actual capital amounts and ratios are presented in the following table:

	Actual		For Capital Adequacy Purposes		To be Well Capitalized Under Prompt Corrective Action Provisions	
	Actual		Adequacy Purposes		Action Provisions	
	Amount ($)	Ratio (%)	Amount ($)	Ratio (%)	Amount ($)	Ratio (%)
As of December 31, 2024						
Total capital (to risk-weighted assets)	1,036,583	24.39%	339,959	8.00	424,949	10.00
Tier 1 capital (to risk-weighted assets)	1,009,757	23.76%	254,969	6.00	339,959	8.00
Common Equity Tier 1 capital (to risk-weighted assets)	1,009,757	23.76%	191,227	4.50	276,217	6.50
Tier 1 capital (to average assets)	1,009,757	9.52%	424,076	4.00	530,095	5.00
As of December 31, 2023						
Total capital (to risk-weighted assets)	975,643	26.65	292,833	8.00	366,041	10.00
Tier 1 capital (to risk-weighted assets)	953,497	26.05	219,625	6.00	292,833	8.00
Common Equity Tier 1 capital (to risk-weighted assets)	953,497	26.05	164,719	4.50	237,927	6.50
Tier 1 capital (to average assets)	953,497	10.26	371,658	4.00	464,572	5.00

SSL is subject to the SEC Uniform Net Capital Rule pursuant to Rule 15c3-1 under the Securities Exchange Act of 1934 (“SEC Rule 15c3-1”). SSL uses the alternate method under SEC Rule 15c3-1, which requires SSL to maintain minimum net capital, as defined, of $250 or 2% of aggregate debit items arising from customer transactions, as defined. The following table summarizes the minimum capital requirements and excess capital for SSL at December 31, 2024 and 2023:

$	**2024**	2023
Required net capital	932	1,468
Net capital	222,793	207,767
Excess net capital	221,860	206,299

22. DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The following disclosure of the fair value of financial instruments is made in accordance with the requirements of ASC 825 and ASC 820, Fair Value Measurement (“ASC 820”).

ASC 820 offers enhanced guidance for using fair value to measure assets and liabilities. It provides a single definition of fair value, together with a framework for measuring it, and requires additional disclosure about the use of fair value to measure assets and liabilities. It defines the fair value of a financial instrument as the amount 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 (the exit price). Instruments that the Bank owns (long positions) are marked to bid prices. Fair value measurements do not include transaction costs. ASC 820 establishes 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 broad levels of the fair value hierarchy under ASC 820 are described below:

Level 1 Inputs — Unadjusted quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Examples of financial instruments with such inputs include certain U.S. Government securities, exchange-traded equity securities and money market funds.

Level 2 Inputs — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Examples of financial instruments with such inputs include U.S. Agency securities, municipal bonds, deposits, corporate bonds, certain mortgage-backed securities, over-the-counter derivatives (e.g. Interest rate and foreign exchange contracts), and certain sovereign bonds.

Level 3 Inputs — Unobservable inputs for the asset or liability rely on management’s own assumptions which are assumptions that management determines market participants would use in pricing the asset or liability. The unobservable inputs should be developed based on the best information available in the circumstances and may include the Bank’s own data. An example of financial instruments with such inputs is loans.

The following methods and assumptions were used to calculate the fair value of each class of financial instrument which are measured at fair value on a recurring basis. All of the valuation techniques described below apply to the unpaid principal balance, excluding any accrued interest or dividends at the measurement date. Interest income and expense are recorded within the consolidated statements of income depending on the nature of the instrument using the effective interest method based on acquired discount or premium.

Securities

The fair value of securities is based on quoted market prices. In the absence of quoted market prices, fair value is determined by pricing vendors using models which discount the future cash flows to their present value using current rates at which similar securities would be bought with similar credit ratings and for the same remaining maturities, or similar techniques. These models use inputs that are observable for substantially the full term of the security, inputs that are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the security or internally developed assumptions.

The following table describes the valuation methodologies used by the Bank to measure its securities at fair value:

Securities Type	Valuations	Classifications in the Valuation Hierarchy
Money market funds	Actively traded and valued using the exchange price, or published NAV	Level 1
Debt Securities	Quoted market prices are used where available	Level 2
Debt Securities	In the absence of quoted market prices, fair value is determined by pricing vendors using models which discount the future cash flows to their present value using current rates at which similar securities would be bought with similar credit ratings and for the same remaining maturities, or similar techniques. In certain instances unobservable inputs are used (those would be classified as Level 3)	Level 2 or 3

Loans held at fair value

The fair value of loans carried at fair value is calculated by using a discounted cash flow model (“DCF”). For loans measured at fair value in the accompanying consolidated statements of financial condition, the fair value approximates the amount that would be received to sell the loan (exit price). The DCF uses inputs that are observable either directly or indirectly for substantially the full term of the loan, such as interest rates as well as internally developed assumptions, such as credit risk and liquidity premium. Credit risk is included as part of the valuation process by considering expected rates of return for market participants for similar loans in the marketplace. The fair value of impaired loans is determined by discounting expected future cash flows of principal and interest, and if applicable, any costs to sell the related collateral upon foreclosure. The DCF uses inputs that are observable either directly or indirectly for substantially the full term of the loan, such as interest rates.

Deposit Liabilities

For time deposits measured at fair value in the accompanying consolidated statements of financial condition, the fair value approximates the amount that would be transferred with similar credit ratings and for the same remaining maturities (exit price). The fair value is calculated by using pricing models discounting the required future cash outflows to their present value using current inputs that are observable either directly or indirectly for substantially the full term of the deposit, such as interest rates as well as internally developed assumptions, such as the Bank’s own credit risk.

Interest Rate Contracts

The fair value of interest rate swaps and caps are determined using a discounted cash flow pricing model with assumptions such as yield curves and discount rates with inputs that are observable either directly or indirectly for substantially the full term of the interest rate swap and caps.

Foreign Exchange Contracts

The fair value of foreign exchange forward and swap contracts is based on current market quotations for similar agreements at the reporting date, taking into account current interest rates, foreign exchange rates, and the current creditworthiness of the counterparties.

Other Derivative Contracts

Other derivative contracts include equity option contracts and credit default swaps. The fair value of these contracts are based on current market valuations.

The following table presents financial assets and liabilities measured at fair value on a recurring basis, including instruments for which the Bank has elected the fair value option, classified according to ASC 820 valuation hierarchy, as of December 31, 2024 and 2023:

Financial Assets and Liabilities at Fair Value as of December 31, 2024

$	Level 1	Level 2	Level 3	Cash Collateral Netting	Total
ASSETS					
Short-term investments:					
Money market accounts and funds	72,683	–	–	–	72,683
Total Short-term investments	72,683	–	–	–	72,683
Available-for-sale securities:					
Obligations of U.S. Government	–	804,523	–	–	804,523
Corporate debt securities	–	138,576	–	–	138,576
Obligations of states, local, U.S. Sponsored agencies and political subdivisions	–	972,595	–	–	972,595
Agency mortgage-backed securities	–	1,004,305	–	–	1,004,305
Total available-for-sale securities	–	2,919,999	–	–	2,919,999
Trading securities:					
Obligations of U.S. Government	–	206,818	–	–	206,818
Total trading securities	–	206,818	–	–	206,818
Loans	–	–	332,737	–	332,737
Derivative assets:					
Foreign exchange contracts	–	44,597	–	(8,700)	35,897
Interest rate contracts	–	271,720	–	–	271,720
Other contracts	–	2,404	–	–	2,404
Total derivative assets	–	318,721	–	(8,700)	310,021
Total assets	**72,683**	**3,445,538**	**332,737**	**(8,700)**	**3,842,258**
LIABILITIES					
Deposits – time deposits	–	4,154,957	–	–	4,154,957
Derivative liabilities:					
Foreign exchange contracts	–	41,502	–	–	41,502
Interest rate contracts	–	7,021	–	–	7,021
Other contracts	–	2,404	–	–	2,404
Total derivative liabilities	–	50,927	–	–	50,927
Total liabilities	**–**	**4,205,884**	**–**	**–**	**4,205,884**

Financial Assets and Liabilities at Fair Value as of December 31, 2023

$	Level 1	Level 2	Level 3	Cash Collateral Netting	Total
ASSETS					
Short-term investments:					
Money market accounts and funds	54,420	–	–	–	54,420
Total Short-term investments	54,420	–	–	–	54,420
Available-for-sale securities:					
Obligations of U.S. Government	–	642,295	–	–	642,295
Corporate debt securities	–	134,862	–	–	134,862
Obligations of states, local, U.S. Sponsored agencies and political subdivisions	–	1,013,637	–	–	1,013,637
Agency mortgage-backed securities	–	946,230	–	–	946,230
Total available-for-sale securities	–	2,737,024	–	–	2,737,024
Trading securities:					
Corporate debt securities	–	187,643	–	–	187,643
Equities	–	–	–	–	–
Total trading securities	–	187,643	–	–	187,643
Loans	–	–	438,104	–	438,104
Derivative assets:					
Foreign exchange contracts	–	53,290	–	6,800	60,090
Interest rate contracts	–	239,403	–	–	239,403
Total derivative assets	–	292,693	–	6,800	299,493
Total assets	**54,420**	**3,217,360**	**438,104**	**6,800**	**3,716,684**
LIABILITIES					
Deposits – time deposits	–	3,701,785	–	–	3,701,785
Derivative liabilities:					
Foreign exchange contracts	–	52,002	–	–	52,002
Interest rate contracts	–	7,000	–	–	7,000
Other contracts	–	–	–	–	–
Total derivative liabilities	–	59,002	–	–	59,002
Total liabilities	**–**	**3,760,787**	**–**	**–**	**3,760,787**

Methods Used to Fair Value Level 3 Assets

The fair value for loans was measured using DCF with contractual future cash flows, since all loans measured at fair value on a recurring basis in the accompanying consolidated statements of financial condition are performing loans. The discount rate was derived from swap rates which effectively converts the discount rate from a floating rate over Libor (or SOFR) to a fixed rate for the duration of the loan; plus, the contractual spread over Libor (or SOFR) for each loan; plus a liquidity spread; and plus a spread adjustment reflecting current market conditions and the resulting spreads as if the loan was to be effectuated as of December 31, 2024 and 2023. The following table presents the quantitative information about Level 3 fair value measurements as of December 31, 2024 and 2023:

Assets at December 31, 2024

	Fair Value $	Valuation Technique	Significant Unobservable Inputs	Range of Inputs	Weighted Average
Loans	332,737	Discounted cash flows	Credit spreads	328 bps – 1120 bps	400 bps

Assets at December 31, 2023

	Fair Value $	Valuation Technique	Significant Unobservable Inputs	Range of Inputs	Weighted Average
Loans	438,104	Discounted cash flows	Credit spreads	124 bps – 1115 bps	371 bps

The following table presents detailed changes in the Bank's Level 3 financial assets and liabilities at fair value that occurred during 2024 and 2023:

Level 3 — Financial Assets and Liabilities for Years Ended

$	
BALANCE — January 1, 2023	453,290
Net unrealized gain (included in net gain/(loss) on fair value measurements)	6,903
Issuances	–
Paydowns	(22,089)
BALANCE — December 31, 2023	**438,104**
Net unrealized gain (included in net gain/(loss) on fair value measurements)	5,085
Issuances	7,173
Paydowns	(117,625)
BALANCE — December 31, 2024	**332,737**

There were no transfers between Level 1, Level 2 and Level 3 for the years ended December 31, 2024 and 2023.

Fair Value Option

The Bank elected the fair value option for certain securities in order to align the accounting with swaps and foreign currency forward contracts that hedge the risk associated with the investments. Refer to Note 6 for further details.

The Bank elected to account for some fixed-rate loans at fair value under the provisions of ASC 825. These loans are economically hedged by certain derivatives in accordance with the Bank's risk management policies. The election of the fair value option intends to align the accounting for these loans with the related economic hedges. The Bank has not elected the fair value option for the remainder of the loan portfolio as these loans are not economically hedged or the Bank has elected to apply hedge accounting.

Loans for which the fair value option have been elected had an aggregate fair value of $332,737 and $438,104, and an aggregate outstanding principal balance of $349,237 and $459,689 at December 31, 2024 and 2023, respectively, and were included in loans in the consolidated statements of financial condition. As of December 31, 2024 and 2023, the Bank had no loans recorded at fair value that were classified as nonaccrual and/or past due. Accrued interest receivable of $1,258 and $1,556 at December 31, 2024 and 2023, respectively, were included in the aggregate fair value of the loans recorded at fair value. Interest revenue arising from these loans is included in interest income on the consolidated statements of income. All up-front fees and costs are recognized as fees and service charges and other expenses, respectively, in the consolidated statements of income. Premiums and discounts related to these loans are recognized in interest income as incurred and not deferred. An allowance for loan loss is not applied to these loans. Net gain/(loss) resulting from changes in fair value of these loans of $17,758 and $23,140 were included in net loss on fair value measurements in the consolidated statements of income for the years ended December 31, 2024 and 2023, respectively. Changes in fair value due to instrument specific credit risk for the years 2024 and 2023 were not material. The changes in fair value of these loans were partially offset by changes in the fair value of the related financial derivatives that economically hedged these loans and both were recorded in net loss on fair value measurements on the consolidated statements of income.

23. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Bank uses derivative financial instruments primarily to protect against interest rate, foreign exchange rate and other market movement, and to fulfill clients' requests.

Foreign Exchange Contracts

The Bank uses foreign exchange contracts as economic hedges against fluctuations of assets and liabilities denominated in foreign currencies, and to facilitate customer transactions. As of December 31, 2024 and 2023, the Bank was a party to foreign exchange swaps to mitigate the effects of foreign exchange risk associated with non-U.S. government and corporate debt securities portfolios, with notional amounts totaling $43,142 and $14,490, respectively. As of December 31, 2024 and 2023, the total notional amounts outstanding to fulfill clients' needs were $2,725,836 and $2,666,295 respectively. Foreign exchange contracts had maturities ranging from January 2025 to October 2031, and from January 2024 to December 2029, as of December 31, 2024 and 2023, respectively.

Interest Rate Contracts

The Bank uses interest rate swaps to mitigate the effects of interest rate risks associated with the loans and securities portfolios and for certain time deposits, and also to facilitate customer transactions. During the year ended December 31, 2020, the Bank began designating interest rate swaps in fair value hedging transactions. The Bank uses fair value hedges to manage its exposure to changes in fair value of certain fixed rate available-for-sale securities and loans. The Bank was a party to interest rate swaps and caps as of December 31, 2024 and 2023, as follows:

$	**2024**	2023
Notional amounts of interest rate contracts as of December 31,		
Used as economic hedges	5,509,197	4,916,669
Used to fulfill clients' needs	123,720	–
Designated as fair value hedges	880,561	1,082,357
Total notional amounts	**6,513,478**	**5,999,026**

Other Derivative Contracts

The Bank enters into other derivative contracts to facilitate customer transactions, including equity and credit derivatives. As of December 31, 2024 and 2023, there were no amounts outstanding to fulfill clients' needs.

Fair values of gross derivative assets and liabilities as of December 31, 2024 and 2023 are as follows:

Derivative Assets

As of December 31,	**2024**		2023	
	Consolidated Statement of Financial Condition	Fair Value $	Consolidated Statement of Financial Condition	Fair Value $
Derivatives designated as hedging instruments:				
Interest rate contracts	Derivative assets	114,486	Derivative assets	110,408
Derivatives not designated as hedging instruments:				
Foreign exchange contracts	Derivative assets	44,597	Derivative assets	60,090
Foreign exchange contracts*	Derivative liabilities	35,504	Derivative liabilities	13,801
Interest rate contracts	Derivative assets	157,235	Derivative assets	128,994
Other contracts	Derivative assets	2,404	Derivative assets	–
Total derivatives not designated as hedging instruments		239,740		202,885
Total gross derivative assets		**354,226**		**313,293**

* Derivative instruments within this category are subject to master netting agreements and are presented on a net basis in the consolidated statements of financial condition in accordance with ASC 210-20-45.

Derivative Liabilities

As of December 31,	**2024**		2023	
	Consolidated Statement of Financial Condition	Fair Value $	Consolidated Statement of Financial Condition	Fair Value $
Derivatives designated as hedging instruments:				
Interest rate contracts	Derivative liabilities	513	Derivative liabilities	1,221
Derivatives not designated as hedging instruments:				
Foreign exchange contracts	Derivative liabilities	39,947	Derivative liabilities	65,802
Foreign exchange contracts*	Derivative assets	37,059	Derivative assets	–
Interest rate contracts	Derivative liabilities	6,508	Derivative liabilities	5,779
Other contracts	Derivative liabilities	2,404	Derivative liabilities	–
Total derivatives not designated as hedging instruments		85,918		71,581
Total gross derivative liabilities		**86,431**		**72,802**

* Derivative instruments within this category are subject to master netting agreements and are presented on a net basis in the consolidated statements of financial condition in accordance with ASC 210-20-45.

The following amounts represent interest income and gains/(losses) on derivatives not designated as hedging instruments:

$	Location on Consolidated Statement of Income	Amount of Gain/(Loss) Recognized in Consolidated Statements of Income 2024	2023
Derivatives not Designated as Hedging Instruments:			
Interest income on interest rate contracts	Net gain/(loss) on fair value measurements	36,397	37,406
Interest income on foreign exchange contracts — net	Net gain/(loss) on foreign currency valuation on securities and derivatives	–	–
Gain/(loss) on interest rate contracts — net	Net gain/(loss) on fair value measurements	34,560	(1,889)
Gain/(loss) on foreign exchange contracts — net	Net gain/(loss) on foreign currency valuation on securities and derivatives	10,681	12,689
Total		**81,638**	**48,206**

Fair Value Hedges

For derivative instruments that are designated and qualify as a fair value hedge, the gain or loss on the derivative instrument as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in current earnings. The gain or loss on both the derivative instrument and the hedged item are included in interest income.

As of December 31, 2024 and 2023, the following amounts related to cumulative basis adjustments for fair value hedges were recorded on the consolidated statements of financial condition:

As of December 31,	**2024**		2023	
$	Carrying Amount of Hedged Asset	Amount of Basis Adjustments Included in the Carrying Amount	Carrying Amount of Hedged Asset	Amount of Basis Adjustments Included in the Carrying Amount
Line item on the consolidated statements of financial condition in which the hedged item is included:				
Securities available-for-sale*	217,367	(76,167)	426,801	(67,240)
Loans	596,883	(40,001)	567,954	(42,475)

* Carrying value of securities available-for-sale represents amortized cost.

The effect of gain or loss from derivatives designated as fair value hedges on the consolidated statements of income for the years ended December 31, 2024 and 2023 was as follows:

$	Location on Consolidated Statement of Income	Amount of Gain/(Loss) Recognized in Consolidated Statements of Income 2024	2023
Derivatives Designated as Fair Value			
Gain/(loss) on interest rate contracts	Interest Income	4,479	(31,467)
Hedged item – AFS securities	Interest Income	(5,688)	17,325
Hedged item – loans	Interest Income	2,780	14,821
Total		**1,570**	**679**

The following tables provide a summary of offsetting derivative financial instruments as of December 31, 2024 and 2023.

$	Gross Amount Recognized	Gross Amount Offset in the Condition Consolidated Statement of Financial Condition	Net Amount Condition Consolidated Statement of Financial Condition	Gross Amounts Not Offset in the Derivatives Consolidated Statement of Financial Condition: Derivatives	Collateral*	Net Amount
As of december 31, 2024						
Derivative assets	354,226	(44,204)	310,022	(5,836)	–	304,186
Derivative liabilities	86,431	(35,503)	50,928	(5,836)	(25,565)	19,527
As of december 31, 2023						
Derivative assets	313,293	(13,800)	299,493	(58,844)	(4,080)	236,569
Derivative liabilities	72,802	(13,800)	59,002	(58,844)	(40,588)	(40,430)

* Collateral values in excess of related derivative amounts recognized in the consolidated statement of financial condition are excluded from this table.

The Bank is required to pledge assets under a bilateral margin arrangement, including either cash or U.S. Government securities, as collateral for its foreign exchange and interest rate contracts, whose collateral requirements vary by counterparty and change over time based on the market value, notional amount, and remaining term of the derivative agreements (“Derivatives”). In the event the Bank is unable to meet a margin call under one of its Derivatives, thereby causing an event of default or triggering an early termination event under one of its Derivatives, the counterparty to such Derivatives may have the option to terminate all of such counterparty’s outstanding Derivatives with the Bank. In addition, under this scenario, any closed-out amount due to the counterparty upon termination of the counterparty’s transactions would be immediately payable by the Bank pursuant to the applicable agreement. The Bank was in compliance with all margin requirements under its Derivatives as of December 31, 2024 and 2023. The Bank has received $0 and $4,080, respectively, of cash collateral as of December 31, 2024 and 2023 related to margin for equity option contracts, which is included in money market, NOW, and savings deposits in the accompanying consolidated statements of financial condition. In addition, the Bank has received $8,700 and paid $6,800, respectively, of cash collateral as of December 31, 2024 and 2023, which is netted against derivative assets and derivative liabilities, respectively, on the consolidated statements of financial condition.

The use of foreign exchange and interest rate contracts exposes the Bank to counterparty credit risks in the event of a default by a Derivative counterparty. If a counterparty defaults under the applicable Derivative agreement, the Bank may be unable to collect payments to which it is entitled under its Derivative agreements, and may have difficulty collecting the assets it pledged as collateral against such Derivative. The Bank currently has in place with all outstanding Derivative counterparties bilateral margin agreements thereby requiring a party to post collateral to the Bank for any valuation deficit. This arrangement is intended to limit the Bank’s exposure to losses in the event of a counterparty default. The Bank also has valid master netting agreements in place with Derivative counterparties, which allow payables and receivables to settle with a net payment.

24. EMPLOYEE BENEFIT PLANS

The Bank sponsors a multiemployer profit-sharing contribution plan covering substantially all its employees. Profit sharing expense included on the consolidated statements of income in salaries and employee benefits expenses for the years ended December 31, 2024 and 2023, was approximately $3,451 and $2,912, respectively.

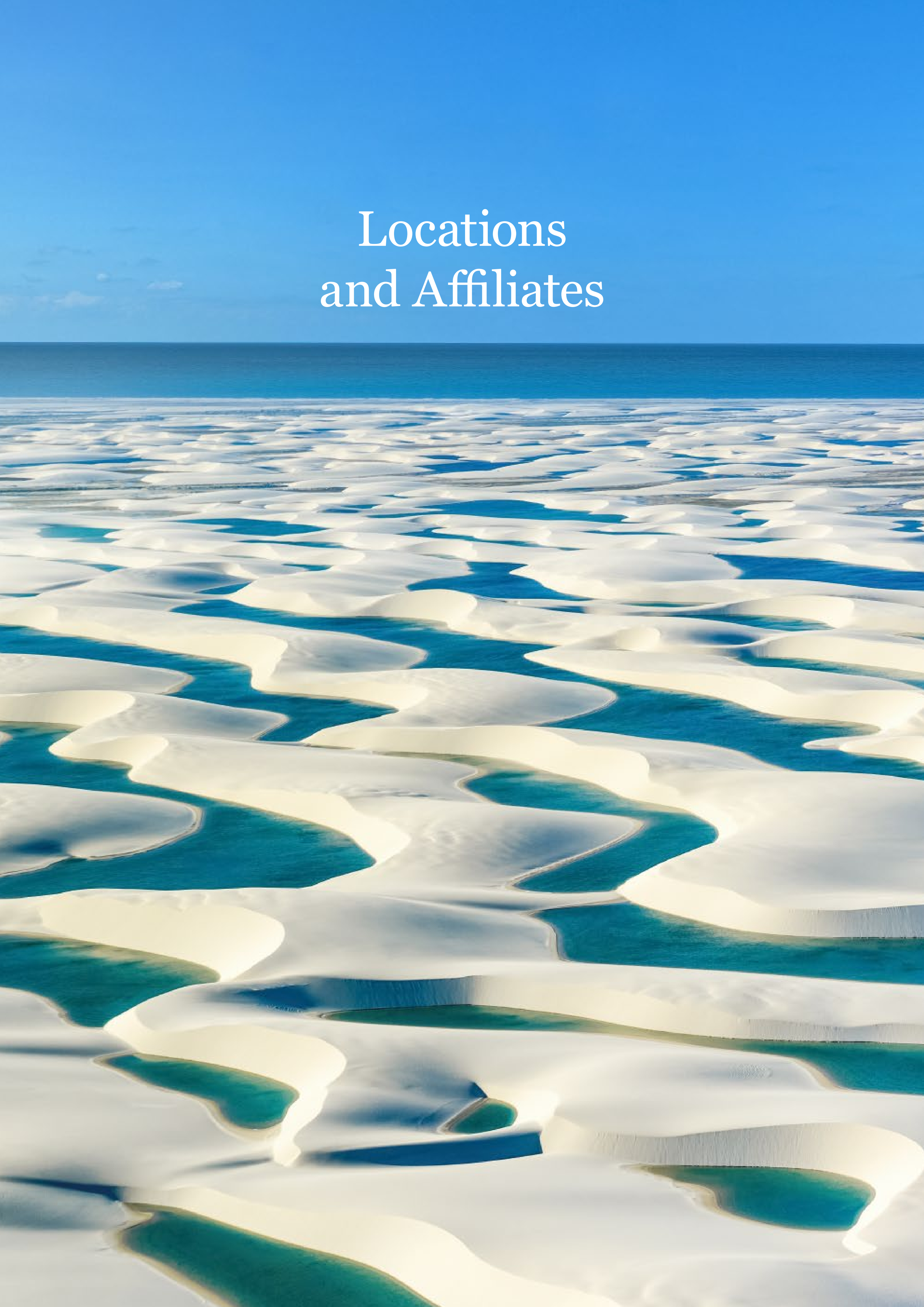
25. CUSTODY SERVICES

The Bank provides custody services to its customers related to domestic and foreign fixed income instruments, equities, mutual funds and hedge funds. The fair value of assets under custody was $22,627,371 and $21,447,829 at December 31, 2024 and 2023, respectively. These items are not included in the consolidated statements of financial condition, since such items are not assets of the Bank. These instruments are not FDIC insured and are held on behalf of customers, who bear all risks. Custody fee revenue, included in fees and service charges in the consolidated statements of income, was $26,450 and $23,440 for the years ended December 31, 2024 and 2023, respectively.

26. SUBSEQUENT EVENTS

For the year ended December 31, 2024, the Bank evaluated subsequent events for the consolidated financial statements. There were no subsequent events through March 19, 2025, the date the consolidated financial statements were available to be issued, that would require recognition or disclosure in the consolidated financial statements.

Locations and Affiliates



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“If you choose to sail upon the seas
of banking, build your bank as
you would your boat, with the strength
to sail safely through any storm.”

Jacob Safra (1891 – 1963)

Image captions

Page 1	Matterhorn, Switzerland/Italy
Pages 4–5	Monument Valley, Utah/Arizona, USA
Pages 6–7	Iguazú Falls, Argentina/Brazil
Pages 10–11	The Wave, Arizona, USA
Pages 14–15	Bryce Canyon, Utah, USA
Pages 18–19	Yosemite, California, USA
Pages 60–61	Lencois Maranhenses, Brazil
Pages 64–65	Arch of Cabo San Lucas, Mexico

Safra National Bank
of New York