REFINITIV

DELTA REPORT

10-Q

NFBK - NORTHFIELD BANCORP, INC.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1208
CHANGES	520
DELETIONS	363
ADDITIONS	325

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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2023 March 31, 2024
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For transition period from __________ to __________

Commission File Number: 001-35791

Northfield Bancorp, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**80-0882592**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
581 Main Street, Woodbridge, New Jersey	**07095**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (732) 499-7200

Not Applicable
(Former name, former address, and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of exchange on which registered
Common stock, par value $0.01 per share	NFBK	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	☒ ☐	Accelerated filer	☐ ☒
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 31, 2023 April 30, 2024, the registrant had 44,956,118 44,344,225 shares of Common Stock, par value $0.01 per share, issued and outstanding.

NORTHFIELD BANCORP, INC.

Form 10-Q Quarterly Report

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PART I

ITEM 1. FINANCIAL STATEMENTS

NORTHFIELD BANCORP, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited) (In thousands, except share amounts)

		September 30, 2023	December 31, 2022		March 31, 2024	December 31, 2023
ASSETS:	**ASSETS:**			**ASSETS:**		
Cash and due from banks	Cash and due from banks	$ 13,258	$ 14,530			
Interest-bearing deposits in other financial institutions	Interest-bearing deposits in other financial institutions	67,298	31,269			
Total cash and cash equivalents	Total cash and cash equivalents	80,556	45,799			
Trading securities	Trading securities	11,504	10,751			
Debt securities available-for-sale, at estimated fair value (with no allowance for credit losses at September 30, 2023 and December 31, 2022)		743,699	952,173			

Debt securities available-for-sale, at estimated fair value (with no allowance for credit losses at March 31, 2024 and December 31, 2023)			
Debt securities held-to-maturity, at amortized cost	Debt securities held-to-maturity, at amortized cost	10,114	10,760
(estimated fair value of $9,371 at September 30, 2023, and $10,389 at December 31, 2022, with no allowance for credit losses at September 30, 2023 and December 31, 2022)			
(estimated fair value of $9,364 at March 31, 2024, and $9,586 at December 31, 2023, with no allowance for credit losses at March 31, 2024 and December 31, 2023)			
Equity securities	Equity securities	10,628	10,443
Loans held-for-sale		950	—
Equity securities			
Equity securities			
Loans held-for-investment			
Loans held-for-investment			
Loans held-for-investment	Loans held-for-investment	4,229,974	4,243,693
Less: allowance for credit losses	Less: allowance for credit losses	(38,480)	(42,617)
Net loans held-for-investment	Net loans held-for-investment	4,191,494	4,201,076
Accrued interest receivable	Accrued interest receivable	17,355	17,426
Bank-owned life insurance	Bank-owned life insurance	170,591	167,912
Federal Home Loan Bank (“FHLB”) of New York stock, at cost	Federal Home Loan Bank (“FHLB”) of New York stock, at cost	41,165	30,382
Operating lease right-of-use assets	Operating lease right-of-use assets	31,407	34,288
Premises and equipment, net	Premises and equipment, net	24,154	24,844
Goodwill	Goodwill	41,012	41,012
Other assets	Other assets	62,455	54,427
Other assets			
Other assets			
Total assets	**Total assets**	$5,437,084	$5,601,293
LIABILITIES AND STOCKHOLDERS’ EQUITY:			

LIABILITIES AND STOCKHOLDERS' EQUITY:

LIABILITIES AND STOCKHOLDERS' EQUITY:	**LIABILITIES AND STOCKHOLDERS' EQUITY:**			
LIABILITIES:	**LIABILITIES:**			**LIABILITIES:**
Deposits	Deposits	$3,668,513	$4,150,219	
Securities sold under agreements to repurchase	Securities sold under agreements to repurchase	25,000	25,000	
FHLB advances and other borrowings	FHLB advances and other borrowings	893,973	558,859	
Subordinated debentures, net of issuance costs	Subordinated debentures, net of issuance costs	61,163	60,996	
Operating lease liabilities	Operating lease liabilities	36,535	39,790	
Advance payments by borrowers for taxes and insurance	Advance payments by borrowers for taxes and insurance	25,968	25,995	
Accrued expenses and other liabilities	Accrued expenses and other liabilities	41,857	39,044	
Total liabilities	**Total liabilities**	4,753,009	4,899,903	
STOCKHOLDERS' EQUITY:	**STOCKHOLDERS' EQUITY:**			
STOCKHOLDERS' EQUITY:				
STOCKHOLDERS' EQUITY:				
Preferred stock, $0.01 par value: 25,000,000 shares authorized, none issued or outstanding	Preferred stock, $0.01 par value: 25,000,000 shares authorized, none issued or outstanding	—	—	
Common stock, $0.01 par value: 150,000,000 shares authorized, 64,770,875 shares issued at	Common stock, $0.01 par value: 150,000,000 shares authorized, 64,770,875 shares issued at			Common stock, $0.01 par value: 150,000,000 shares authorized, 64,770,875 shares issued at
September 30, 2023 and December 31, 2022, 44,956,118 and 47,442,488 outstanding at September 30, 2023 and December 31, 2022, respectively		648	648	
March 31, 2024 and December 31, 2023, 44,462,652 and 44,524,929 outstanding at March 31, 2024 and December 31, 2023, respectively				
Additional paid-in-capital	Additional paid-in-capital	590,018	590,249	
Unallocated common stock held by employee stock ownership plan	Unallocated common stock held by employee stock ownership plan	(14,958)	(15,650)	
Retained earnings	Retained earnings	430,535	418,353	

Accumulated other comprehensive loss	Accumulated other comprehensive loss	(47,983)	(48,331)
Treasury stock at cost: 19,814,757 and 17,328,387 shares at September 30, 2023 and December 31, 2022, respectively		(274,185)	(243,879)
Treasury stock at cost: 20,308,223 and 20,245,946 shares at March 31, 2024 and December 31, 2023, respectively			
Total stockholders' equity	**Total stockholders' equity**	684,075	701,390
Total liabilities and stockholders' equity	**Total liabilities and stockholders' equity**	$5,437,084	$5,601,293

See accompanying notes to unaudited consolidated financial statements.

NORTHFIELD BANCORP, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited) (In thousands, except per share data)

		Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,		
		2023	**2022**	**2023**	**2022**		**2024**	**2023**
Interest income:	**Interest income:**					**Interest income:**		
Loans	Loans	$46,213	$42,311	$135,220	$118,030			
Mortgage-backed securities	Mortgage-backed securities	3,664	3,284	11,170	8,802			
Other securities	Other securities	1,095	1,201	3,593	2,885			
FHLB of New York dividends	FHLB of New York dividends	933	283	2,125	788			
Deposits in other financial institutions	Deposits in other financial institutions	831	199	2,225	423			
Total interest income	Total interest income	52,736	47,278	154,333	130,928			
Interest expense:	**Interest expense:**					**Interest expense:**		
Deposits	Deposits	13,614	2,121	31,918	4,614			
Borrowings	Borrowings	8,593	2,304	24,182	6,388			
Subordinated debt	Subordinated debt	837	842	2,484	961			
Total interest expense	Total interest expense	23,044	5,267	58,584	11,963			
Net interest income	Net interest income	29,692	42,011	95,749	118,965			

Provision for credit losses	Provision for credit losses	188	2,703	1,082	3,255	
Net interest income after provision for credit losses	Net interest income after provision for credit losses	29,504	39,308	94,667	115,710	
Non-interest income:	**Non-interest income:**					**Non-interest income:**
Fees and service charges for customer services	Fees and service charges for customer services	1,317	1,500	4,006	4,206	
Income on bank-owned life insurance	Income on bank-owned life insurance	920	861	2,679	2,548	
(Losses) gains on available-for-sale debt securities, net		—	—	(17)	264	
(Losses) gains on trading securities, net		(295)	(426)	723	(2,791)	
Gain on sale of loans		99	273	134	273	
Gains on available-for-sale debt securities, net						
Gains on trading securities, net						
Other						
Other						
Other	Other	80	78	744	264	
Total non-interest income	Total non-interest income	2,121	2,286	8,269	4,764	
Non-interest expense:	**Non-interest expense:**					**Non-interest expense:**
Compensation and employee benefits	Compensation and employee benefits	10,920	10,784	34,310	29,709	
Occupancy	Occupancy	3,416	3,347	10,032	10,041	
Furniture and equipment	Furniture and equipment	479	438	1,393	1,290	
Data processing	Data processing	1,994	1,847	6,308	5,322	
Professional fees	Professional fees	883	903	2,622	3,040	
Advertising	Advertising	414	420	1,834	1,257	
Federal Deposit Insurance Corporation insurance	Federal Deposit Insurance Corporation insurance	591	356	1,763	1,068	
Credit loss expense (benefit) for off-balance sheet exposures		160	(1,888)	(390)	(1,260)	

Credit loss expense for off-balance sheet exposures					
Other	Other	1,710	1,663	4,598	4,825
Total non-interest expense	**Total non-interest expense**	20,567	17,870	62,470	55,292
Income before income tax expense	Income before income tax expense	11,058	23,724	40,466	65,182
Income tax expense	**Income tax expense**	2,877	6,745	11,019	18,202
Net income	**Net income**	$ 8,181	$ 16,979	$ 29,447	$ 46,980
Net income per common share:	**Net income per common share:**				
Basic	Basic	$ 0.19	$ 0.37	$ 0.67	$ 1.01
Diluted	Diluted	$ 0.19	$ 0.37	$ 0.67	$ 1.01

Net income per common share:

See accompanying notes to unaudited consolidated financial statements.

See accompanying notes to unaudited consolidated financial statements.

See accompanying notes to unaudited consolidated financial statements.

NORTHFIELD BANCORP, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) - (Continued)
(Unaudited) (In thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income	$ 8,181	$ 16,979	$ 29,447	$ 46,980
Other comprehensive (loss) income:				
Unrealized (losses) gains on debt securities available-for-sale:				
Net unrealized holding (losses) gains	(4,039)	(31,339)	467	(77,312)
Less: reclassification adjustment for net losses (gains) included in net income	—	—	17	(264)
Net unrealized (losses) gains	(4,039)	(31,339)	484	(77,576)
Post-retirement benefits adjustment	—	—	—	(48)
Other comprehensive (loss) income before tax	(4,039)	(31,339)	484	(77,624)
Income tax benefit (expense) related to net unrealized holding (losses) gains on debt securities available-for-sale	1,130	8,771	(131)	21,640
Income tax (benefit) expense related to reclassification adjustment for (losses) gains included in net income	—	—	(5)	74
Income tax benefit related to post retirement benefit adjustment	—	—	—	13
Other comprehensive (loss) income, net of tax	(2,909)	(22,568)	348	(55,897)
Comprehensive income (loss)	$ 5,272	$ (5,589)	$ 29,795	$ (8,917)

NORTHFIELD BANCORP, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME - (Continued)
(Unaudited) (In thousands)

	Three Months Ended March 31,	
	2024	2023
Net income	$ 6,214	$ 11,707
Other comprehensive income:		
Unrealized gains on debt securities available-for-sale:		
Net unrealized holding gains	976	8,397
Less: reclassification adjustment for net gains included in net income	—	(1)
Net unrealized gains	976	8,396
Post-retirement benefits adjustment	58	—
Other comprehensive income before tax	1,034	8,396
Income tax expense related to net unrealized holding gains on debt securities available-for-sale	(275)	(2,350)
Income tax benefit related to post retirement benefit adjustment	(16)	—
Other comprehensive income, net of tax	743	6,046
Comprehensive income	$ 6,957	$ 17,753

See accompanying notes to unaudited consolidated financial statements.

NORTHFIELD BANCORP, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Three Months Ended September 30, 2023 March 31, 2024 and 2022 2023

(Unaudited) (In thousands, except share data)

	Common Stock							
	Shares Outstanding	Par Value	Additional Paid-in Capital	Unallocated Common Stock Held by the Employee Stock Ownership Plan	Retained Earnings	Accumulated Other Comprehensive Income (loss) Net of tax	Treasury Stock	Total Stockholders' Equity
Balance at June 30, 2022	48,684,875	$ 648	$ 588,940	$ (16,584)	$ 399,131	$ (31,266)	$ (225,596)	$ 715,273

	Shares Outstanding	Par Value	Additional Paid-in Capital	Unallocated Common Stock Held by the Employee Stock Ownership Plan	Retained Earnings	Accumulated Other Comprehensive Income (loss) Net of tax	Trea St
Balance at December 31, 2022							

Net income	Net income					16,979			16,979
Other comprehensive loss, net of tax							(22,568)		(22,568)
Other comprehensive income, net of tax									

ESOP shares allocated or committed to be released	ESOP shares allocated or committed to be released			179	240				419
Stock compensation expense	Stock compensation expense			456					456
Restricted stock issuance									
Restricted stock forfeitures	Restricted stock forfeitures	(1,902)		28				(28)	—
Exercise of stock options, net	Exercise of stock options, net	1,000		(1)				14	13
Cash dividends declared and paid ($0.13 per common share)	Cash dividends declared and paid ($0.13 per common share)					(5,976)			(5,976)
Repurchase of treasury stock (average cost of $14.20 per share)		(795,597)						(11,294)	(11,294)
Repurchase of treasury stock (average cost of $14.68 per share)									
Balance at September 30, 2022		47,888,376	$648	$589,602	$ (16,344)	$410,134	$ (53,834)	$(236,904)	$ 693,302
Balance at March 31, 2023									
Balance at March 31, 2023									
Balance at March 31, 2023									
Balance at June 30, 2023		45,243,673	$648	$589,335	$ (15,192)	$427,921	$ (45,074)	$(270,997)	$ 686,641
Balance at December 31, 2023									
Balance at December 31, 2023									
Balance at December 31, 2023									
Net income	Net income					8,181			8,181
Other comprehensive loss, net of tax							(2,909)		(2,909)
Other comprehensive income, net of tax									
ESOP shares allocated or committed to be released	ESOP shares allocated or committed to be released			75	234				309
Stock compensation expense	Stock compensation expense			580					580
Restricted stock issuance									

Restricted stock forfeitures	Restricted stock forfeitures	(1,967)		28				(28)	—
Cash dividends declared and paid ($0.13 per common share)	Cash dividends declared and paid ($0.13 per common share)					(5,567)			(5,567)
Repurchase of treasury stock (average cost of $11.06 per share)		(285,588)						(3,160)	(3,160)
Cash dividends declared and paid ($0.13 per common share)									
Cash dividends declared and paid ($0.13 per common share)									
Purchase of employee restricted stock to fund statutory tax withholding									
Repurchase of treasury stock (average cost of $12.17 per share)									
Balance at September 30, 2023		44,956,118	$ 648	$ 590,018	$ (14,958)	$ 430,535	$ (47,983)	$ (274,185)	$ 684,075
Balance at March 31, 2024									
Balance at March 31, 2024									
Balance at March 31, 2024									

See accompanying notes to unaudited consolidated financial statements.

NORTHFIELD BANCORP, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Nine Months Ended September 30, 2023 and 2022

(Unaudited) (In thousands, except share data)

	Common Stock							
	Shares Outstanding	Par Value	Additional Paid-in Capital	Unallocated Common Stock Held by the Employee Stock Ownership Plan	Retained Earnings	Accumulated Other Comprehensive Income (loss) Net of tax	Treasury Stock	Total Stockholders' Equity
Balance at December 31, 2021	49,266,733	$ 648	$ 589,972	$ (17,058)	$ 381,361	$ 2,063	$ (217,103)	$ 739,883
Net income					46,980			46,980
Other comprehensive loss, net of tax						(55,897)		(55,897)
ESOP shares allocated or committed to be released			557	714				1,271
Stock compensation expense			1,301					1,301
Restricted stock issuance	157,416		(2,484)				2,484	—
Restricted stock forfeitures	(18,515)		265				(265)	—
Exercise of stock options, net	18,040		(9)				253	244
Cash dividends declared and paid ($0.39 per common share)					(18,207)			(18,207)

Repurchase of treasury stock (average cost of $14.51 per share)	(1,535,298)						(22,273)	(22,273)
Balance at September 30, 2022	47,888,376	$ 648	$ 589,602	$ (16,344)	$ 410,134	$ (53,834)	$ (236,904)	$ 693,302
Balance at December 31, 2022	47,442,488	$ 648	$ 590,249	$ (15,650)	$ 418,353	$ (48,331)	$ (243,879)	$ 701,390
Net income					29,447			29,447
Other comprehensive income, net of tax						348		348
ESOP shares allocated or committed to be released			307	692				999
Stock compensation expense			1,803					1,803
Restricted stock issuance	173,060		(2,670)				2,670	—
Restricted stock forfeitures	(23,219)		336				(336)	—
Exercise of stock options, net	7,600		(7)				107	100
Cash dividends declared and paid ($0.39 per common share)					(17,265)			(17,265)
Repurchase of treasury stock (average cost of $12.27 per share)	(2,643,811)						(32,747)	(32,747)
Balance at September 30, 2023	44,956,118	$ 648	$ 590,018	$ (14,958)	$ 430,535	$ (47,983)	$ (274,185)	$ 684,075

See accompanying notes to unaudited consolidated financial statements.

NORTHFIELD BANCORP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited) (In thousands)

		Nine Months Ended September 30,	
	Three Months Ended March 31,	**2023**	**2022**
Net income	Net income	$ 29,447	$ 46,980
Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	Provision for credit losses	1,082	3,255
ESOP and stock compensation expense	ESOP and stock compensation expense	2,802	2,572
Depreciation	Depreciation	2,765	2,755
Amortization of premiums and deferred loan costs, net of accretion of discounts and deferred loan fees		5,483	7,298
Depreciation			
Depreciation			

	Three Months Ended March 31,	
	2024	**2023**
Adjustments to reconcile net income to net cash provided by operating activities:		

(Accretion) amortization of premiums and deferred loan costs, net of accretion of discounts and deferred loan fees			
Amortization of debt issuance costs	Amortization of debt issuance costs	167	56
Amortization of intangible assets	Amortization of intangible assets	93	130
Amortization of operating lease right-of-use assets	Amortization of operating lease right-of-use assets	3,526	3,468
Income on bank-owned life insurance	Income on bank-owned life insurance	(2,679)	(2,548)
Net gain on sale of loans		(134)	(273)
Proceeds from sale of loans held-for-sale		1,583	—
Origination of loans held-for-sale		(1,449)	(504)
Losses (gains) on available-for-sale debt securities, net		17	(264)
(Gains) losses on trading securities, net		(723)	2,791
Loss (gain) on sale of other real estate owned, net		7	(17)
Net (purchases) sales of trading securities		(30)	596
Decrease (increase) in accrued interest receivable		71	(1,503)
Increase in other assets		(12,157)	(7,949)
Decrease in accrued expenses and other liabilities		2,813	1,518
Gains on available-for-sale debt securities, net			
Gains on available-for-sale debt securities, net			
Gains on available-for-sale debt securities, net			
Gains on trading securities, net			
Net sales of trading securities			
Net sales of trading securities			
Net sales of trading securities			

(Increase) decrease in accrued interest receivable			
(Increase) decrease in other assets			
Increase (decrease) in accrued expenses and other liabilities			
Net cash provided by operating activities	Net cash provided by operating activities	32,684	58,361
Cash flows from investing activities:	Cash flows from investing activities:		
Cash flows from investing activities:			
Net decrease (increase) in loans receivable		10,190	(434,992)
Net decrease in loans receivable			
Purchases of loans	Purchases of loans	(3,781)	(7,696)
Proceeds from sale of loans held-for-sale		—	2,796
Purchases of FHLB of New York stock			
Purchases of FHLB of New York stock			
Purchases of FHLB of New York stock	Purchases of FHLB of New York stock	(44,998)	(25,043)
Redemptions of FHLB of New York stock	Redemptions of FHLB of New York stock	34,215	24,962
Purchases of debt securities available-for-sale	Purchases of debt securities available-for-sale	(765)	(168,988)
Purchases of equity securities	Purchases of equity securities	(185)	(3,229)
Principal payments and maturities on debt securities available-for-sale	Principal payments and maturities on debt securities available-for-sale	205,310	249,213

Principal payments and maturities on debt securities held-to-maturity	Principal payments and maturities on debt securities held-to-maturity	630	674
Proceeds from sale of debt securities available-for-sale		—	41,464
Proceeds from bank-owned life insurance		—	1,526
Proceeds from sale of other real estate owned		63	125
Purchases and improvements of premises and equipment	Purchases and improvements of premises and equipment	(2,075)	(2,200)
Net cash provided by (used in) investing activities		198,604	(321,388)
Purchases and improvements of premises and equipment			
Purchases and improvements of premises and equipment			
Net cash (used in) provided by investing activities			
Net cash (used in) provided by investing activities			
Net cash (used in) provided by investing activities			
Cash flows from financing activities:	Cash flows from financing activities:	Cash flows from financing activities:	
Net (decrease) increase in deposits		(481,706)	234,825
Net increase (decrease) in deposits			
Dividends paid	Dividends paid	(17,265)	(18,207)
Exercise of stock options	Exercise of stock options	100	244
Exercise of stock options			
Exercise of stock options			
Purchase of treasury stock	Purchase of treasury stock	(32,747)	(22,273)
(Decrease) increase in advance payments by borrowers for taxes and insurance		(27)	1,228
Proceeds from issuance of subordinated debt, net of issuance costs		—	60,884
Increase in advance payments by borrowers for taxes and insurance			
Increase in advance payments by borrowers for taxes and insurance			

Increase in advance payments by borrowers for taxes and insurance			
Proceeds from FHLB advances and other borrowings and securities sold under agreements to repurchase			
Proceeds from FHLB advances and other borrowings and securities sold under agreements to repurchase			
Proceeds from FHLB advances and other borrowings and securities sold under agreements to repurchase	Proceeds from FHLB advances and other borrowings and securities sold under agreements to repurchase	743,553	105,923
Repayments related to securities sold under agreements to repurchase and other borrowings	Repayments related to securities sold under agreements to repurchase and other borrowings	(408,439)	(120,000)
Net cash (used in) provided by financing activities		(196,531)	242,624
Net increase (decrease) in cash and cash equivalents		34,757	(20,403)
Net cash provided by financing activities			
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of period	Cash and cash equivalents at beginning of period	45,799	91,068
Cash and cash equivalents at end of period	Cash and cash equivalents at end of period	$ 80,556	$ 70,665

See accompanying notes to unaudited consolidated financial statements

NORTHFIELD BANCORP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS - (Continued)
(Unaudited) (In thousands)

		Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Three Months Ended March 31, 2024	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Supplemental cash flow information:	Supplemental cash flow information:			Supplemental cash flow information:		
Cash paid during the period for:	Cash paid during the period for:			Cash paid during the period for:		
Interest	Interest	$ 56,109	$ 11,578			
Income taxes	Income taxes	13,336	19,399			
Non-cash transactions:	Non-cash transactions:					
Loan charge-offs, net	Loan charge-offs, net	5,219	345			
Loan charge-offs, net						
Loan charge-offs, net						
Transfer of loans held-for-investment to other real estate owned	Transfer of loans held-for-investment to other real estate owned	70	—			
Right-of-use assets obtained in exchange for new lease liabilities	Right-of-use assets obtained in exchange for new lease liabilities	645	4,983			
Transfer of loans held-for-investment to loans held-for-sale at fair value		950	2,523			

See accompanying notes to unaudited consolidated financial statements.

NORTHFIELD BANCORP, INC.
Notes to Unaudited Consolidated Financial Statements

Note 1 – Consolidated Financial Statements

Basis of Presentation

The consolidated financial statements are comprised of the accounts of Northfield Bancorp, Inc. and its wholly owned subsidiaries, Northfield Investments, Inc. and Northfield Bank (the "Bank"), and the Bank's wholly-owned subsidiaries, NSB Services Corp. and NSB Realty Trust (collectively the "Company"). All significant intercompany accounts and transactions have been eliminated in consolidation.

In the opinion of management, all adjustments (consisting solely of normal and recurring adjustments) necessary for the fair presentation of the consolidated balance sheets and the consolidated statements of comprehensive income for the unaudited periods presented have been included. The results of operations and other data presented for the three and nine months ended September 30, 2023 March 31, 2024 are not necessarily indicative of the results of operations that may be expected for the year ending December 31, 2023 December 31, 2024 or for any other period. Whenever necessary, certain prior year amounts are reclassified to conform to the current year presentation.

In preparing the unaudited consolidated financial statements in conformity with U.S. generally accepted accounting principles ("U.S. GAAP"), management has made estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated balance sheets and for the periods indicated in the consolidated statements of comprehensive income. Material estimates that are particularly susceptible to change are: the allowance for credit losses and the valuation allowance against deferred tax assets. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the consolidated financial statements in the period they are deemed necessary. While management uses its best judgment, actual amounts or results could differ significantly from those estimates.

Certain information and note disclosures usually included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for the preparation of interim financial statements. The consolidated financial statements presented should be read in conjunction with the audited consolidated financial statements and notes to consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, as filed with the SEC.

Recent Accounting Pronouncements Adopted

Effective January 1, 2023, the Company adopted Accounting Standards Update ("ASU") No. 2022-02, "Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures" ("ASU 2022-02"). The amendments in this ASU were issued to (1) eliminate accounting guidance for Troubled Debt Restructurings ("TDRs") by creditors, while enhancing disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty; (2) require disclosures of current period gross write-offs by year of origination for financing receivables and net investments in leases. Under ASU 2022-02, the Company assesses all loan modifications to determine whether one is granted to a borrower experiencing financial difficulty, regardless of whether the modified loan terms include a concession. Modifications granted to borrowers experiencing financial difficulty may be in the form of an interest rate reduction, an other-than-insignificant payment delay, a term extension, principal forgiveness or a combination thereof.

Prior to the adoption of ASU 2022-02, a TDR occurred when the terms of a loan were modified because of deterioration in the financial condition of the borrower. Modifications could include extension of the repayment terms of the loan, reduced interest rates, or forgiveness of accrued interest and/or principal. For the Company's accounting policy related to TDRs granted prior to the adoption of ASU 2022-02, see "Note 1. Significant Accounting Policies" included in "Item 8. Financial Statements and Supplementary Data" in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

The Company adopted ASU 2022-02 on a prospective basis. The adoption of this update did not have a material effect on the Company's consolidated financial statements. Additional disclosures are included in Note 5 to the consolidated financial statements.

NORTHFIELD BANCORP, INC.
Notes to Unaudited Consolidated Financial Statements - (Continued)

Note 2 – Debt Securities Available-for-Sale

The following is a comparative summary of mortgage-backed securities and other debt securities available-for-sale at September 30, 2023, March 31, 2024 and December 31, 2022 December 31, 2023 (in thousands):

		September 30, 2023				March 31, 2024			
		Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value	Amortized cost	Gross unrealized gains	losses	Estimated fair value
U.S. Treasuries									
U.S. Government agency securities	U.S. Government agency securities	$ 75,898	$ —	$ (3,589)	$ 72,309				
Mortgage-backed securities:	Mortgage-backed securities:								
Pass-through certificates:									
Pass-through certificates:									
Pass-through certificates:	Pass-through certificates:								
Government sponsored enterprises ("GSEs")	Government sponsored enterprises ("GSEs")	390,580	—	(43,536)	347,044				

Real estate mortgage investment conduits ("REMICs"):	Real estate mortgage investment conduits ("REMICs"):					Real estate mortgage investment conduits ("REMICs"):
GSE	GSE	236,907	—	(15,347)	221,560	
		627,487	—	(58,883)	568,604	
Total mortgage-backed securities						
Total mortgage-backed securities						
Total mortgage-backed securities						
Other debt securities:	Other debt securities:					Other debt securities:
Municipal bonds	Municipal bonds	766	—	(3)	763	
Corporate bonds	Corporate bonds	106,498	—	(4,475)	102,023	
Corporate bonds						
Corporate bonds						
		107,264	—	(4,478)	102,786	
		113,901				
		113,901				
		113,901				
Total debt securities available-for-sale	Total debt securities available-for-sale	$ 810,649	$ —	$ (66,950)	$ 743,699	

		December 31, 2022				December 31, 2023					
		Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value	Amortized cost	gains	Gross unrealized	losses	Estimated fair	value
U.S. Treasuries											
U.S. Government agency securities	U.S. Government agency securities	$ 76,150	$ —	$ (4,074)	$ 72,076						
Mortgage-backed securities:	Mortgage-backed securities:					Mortgage-backed securities:					
Pass-through certificates:	Pass-through certificates:					Pass-through certificates:					
GSE	GSE	472,963	1	(40,346)	432,618						
REMICs:	REMICs:					REMICs:					
GSE	GSE	280,870	—	(16,146)	264,724						
		753,833	1	(56,492)	697,342						
Total mortgage-backed securities											
Total mortgage-backed securities											

Total mortgage-backed securities					
Other debt securities:	Other debt securities:				
Municipal bonds					
Municipal bonds					
Municipal bonds	Municipal bonds	21	—	—	21
Corporate bonds	Corporate bonds	189,603	2	(6,871)	182,734
		189,624	2	(6,871)	182,755
		129,469			
		129,469			
		129,469			
Total debt securities available-for-sale	Total debt securities available-for-sale	$1,019,607	$ 3	$ (67,437)	$ 952,173

NORTHFIELD BANCORP, INC.
Notes to Unaudited Consolidated Financial Statements - (Continued)

The following is a summary of the expected maturity distribution of debt securities available-for-sale, other than mortgage-backed securities, at September 30, 2023 March 31, 2024 (in thousands):

Available-for-sale	Available-for-sale	Amortized cost	Estimated fair value	Available-for-sale	Amortized cost	Estimated fair value
Due in one year or less	Due in one year or less	$ 148,348	$ 143,534			
Due after one year through five years	Due after one year through five years	34,814	31,561			
Due after five years through ten years						
		$ 183,162	$ 175,095			

Contractual maturities for mortgage-backed securities are not included above, as expected maturities on mortgage-backed securities may differ from contractual maturities as borrowers may have the right to call or prepay obligations with or without penalties.

NORTHFIELD BANCORP, INC.
Notes to Unaudited Consolidated Financial Statements - (Continued)

Certain debt securities available-for-sale are pledged or encumbered to secure borrowings under Pledge Agreements pledge agreements and Repurchase Agreements repurchase agreements and for other purposes required by law. At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the fair value of debt securities available-for-sale that were pledged to secure borrowings and deposits was $567.7 $471.7 million and $591.7 $272.9 million, respectively.

For the three months ended September 30, 2023 March 31, 2024, the Company had no proceeds on sales of debt securities available-for-sale, and no gross realized gains or losses. For the nine three months ended September 30, 2023 March 31, 2023, the Company had no proceeds on sales of debt securities available-for-sale, with gross realized gains of $22,000 and gross realized losses of $39,000 $1,000 related to the payoff of securities. For the three months ended September 30, 2022, the Company had no sales of debt securities available-for-sale and no gross realized gains or losses. For the nine months ended September 30, 2022, the Company had gross proceeds of $41.5 million on sales and calls of debt securities available-for-sale, with gross realized gains of $264,000 and no gross realized losses. The Company recognized net losses of $295,000 and net gains of $723,000 on its trading securities portfolio during the three and nine months ended September 30, 2023, respectively. During the three and nine months ended September 30, 2022, March 31, 2024 and 2023, the Company recognized net losses gains of $426,000 $699,000 and $2.8 million, $512,000, respectively, on its trading securities portfolio.

Gross unrealized losses on mortgage-backed securities and other debt securities available-for-sale, and the estimated fair value of the related securities, aggregated by security category and length of time that individual securities have been in a continuous unrealized loss position, at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, were as follows (in thousands):

	September 30, 2023						March 31, 2024					
	Less than 12 months		12 months or more		Total		Less than 12 months		12 months or more		Total	
	Unrealized losses	Estimated fair value	Unrealized losses	Estimated fair value	Unrealized losses	Estimated fair value	Unrealized losses	Estimated fair value	Unrealized losses	Estimated fair value	Unrealized losses	Estimated fair value
U.S. Treasuries												
U.S. Government agency securities	$ —	$ —	$ (3,589)	$ 72,309	$ (3,589)	$ 72,309						
Mortgage-backed securities:												
Pass-through certificates:												
Pass-through certificates:												
Pass-through certificates:												
GSE	(11)	302	(43,525)	346,732	(43,536)	347,034						
REMICs:												
REMICs:												
GSE	—	—	(15,347)	221,560	(15,347)	221,560						
Other debt securities:												
Other debt securities:												
Other debt securities:												
Municipal bonds	(3)	763	—	—	(3)	763						
Corporate bonds	—	—	(4,475)	102,023	(4,475)	102,023						
Total	$ (14)	$ 1,065	$ (66,936)	$ 742,624	$ (66,950)	$ 743,689						
Total												
Total												

	December 31, 2022					
	Less than 12 months		12 months or more		Total	
	Unrealized losses	Estimated fair value	Unrealized losses	Estimated fair value	Unrealized losses	Estimated fair value
U.S. Government agency securities	$ (3,942)	$ 71,058	$ (132)	$ 1,018	$ (4,074)	$ 72,076
Mortgage-backed securities:						
Pass-through certificates:						
GSE	(8,112)	142,605	(32,234)	289,890	(40,346)	432,495
REMICs:						
GSE	(8,303)	180,612	(7,843)	84,112	(16,146)	264,724
Other debt securities:						
Corporate bonds	(842)	35,778	(6,029)	129,174	(6,871)	164,952
Total	$ (21,199)	$ 430,053	$ (46,238)	$ 504,194	$ (67,437)	$ 934,247

	December 31, 2023											
	Less than 12 months				12 months or more				Total			
	Unrealized losses		Estimated fair value		Unrealized losses		Estimated fair value		Unrealized losses		Estimated fair value	
U.S. Government agency securities	$	—	$	—	$	(1,990)	$	73,908	$	(1,990)	$	73,908
Mortgage-backed securities:												
Pass-through certificates:												
GSE		—		17		(28,285)		337,438		(28,285)		337,455
REMICs:												
GSE		—		—		(11,831)		213,100		(11,831)		213,100
Other debt securities:												
Municipal bonds		(2)		763		—		—		(2)		763
Corporate bonds		(7)		9,966		(2,966)		96,978		(2,973)		106,944
Total	$	(9)	$	10,746	$	(45,072)	$	721,424	$	(45,081)	$	732,170

The Company held 114 115 pass-through mortgage-backed securities issued or guaranteed by GSEs, 77 71 REMIC mortgage-backed securities issued or guaranteed by GSEs, 18 six corporate bonds, and five U.S. Government agency securities that were in a continuous unrealized loss position of twelve months or greater at September 30, 2023 March 31, 2024. There were 11 six pass-through mortgage-backed securities issued or guaranteed by GSEs, and five corporate bonds, four REMIC mortgage-backed securities issued or guaranteed by GSEs, one municipal bond, and one U.S. Treasury that were in an unrealized loss position of less than twelve months at September 30, 2023 March 31, 2024. Substantially all securities referred to above were rated investment grade at September 30, 2023 March 31, 2024.

Available for sale debt securities in unrealized loss positions are evaluated for impairment related to credit losses on a quarterly basis. In performing an assessment of whether any decline in fair value is due to a credit loss, the Company considers the extent to which the fair value is less than the amortized cost, changes in credit ratings, any adverse economic conditions, as well as all relevant information at the individual security level such as credit deterioration of the issuer or collateral underlying the security. In assessing the impairment, the Company compares the present value of cash flows expected to be collected with the amortized cost basis of the security. If it is determined that the decline in fair value was due to credit losses, an allowance for credit losses is recorded, limited to the amount the fair value is less than amortized cost basis. The Company did not recognize record any allowance for credit losses on its available-for-sale debt securities as of September 30, 2023 March 31, 2024 or December 31, 2022 December 31, 2023.

The non-credit related decrease in the fair value, such as a decline due to changes in market interest rates, is recorded in other comprehensive income, net of tax. The Company also assesses its intent to sell the securities (as well as the likelihood of a near-term recovery). If the Company intends to sell an available-for-sale debt security or it is more likely than not that it will be required to sell the security before recovery of its amortized cost basis, the debt security is written down to its fair value and the write down is charged to the debt security's fair value at the reporting date with any incremental impairment reported in earnings.

The Company has made the accounting policy election to exclude accrued interest receivable on available-for-sale securities from the estimate of credit losses. Accrued interest receivable associated with debt securities available-for-sale totaled $1.9 $3.1 million and $2.8 $2.4 million, at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, and was reported in accrued interest receivable on the consolidated balance sheets. The Company elected not to measure an allowance for credit losses on accrued interest receivable, as an allowance on possible uncollectible accrued interest is not warranted.

NORTHFIELD BANCORP, INC.
Notes to Unaudited Consolidated Financial Statements - (Continued)

Note 3 – Debt Securities Held-to-Maturity

The following is a summary of mortgage-backed securities held-to-maturity at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 (in thousands):

		September 30, 2023					March 31, 2024			
		Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value		Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Mortgage-backed securities:	Mortgage-backed securities:					Mortgage-backed securities:				

		Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	
Pass-through certificates:	Pass-through certificates:					Pass-through certificates:
GSE	GSE	$ 10,114	$ —	$ (743)	$ 9,371	
Total securities held-to-maturity	Total securities held-to-maturity	$ 10,114	$ —	$ (743)	$ 9,371	

		December 31, 2022					December 31, 2023			
		Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value		Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Mortgage-backed securities:	Mortgage-backed securities:					Mortgage-backed securities:				
Pass-through certificates:	Pass-through certificates:					Pass-through certificates:				
GSE	GSE	$ 10,760	$ 90	$ (461)	$ 10,389					
Total securities held-to-maturity	Total securities held-to-maturity	$ 10,760	$ 90	$ (461)	$ 10,389					

Contractual maturities for mortgage-backed securities are not presented, as expected maturities on mortgage-backed securities may differ from contractual maturities as borrowers may have the right to call or prepay obligations with or without penalties. There were no sales of held-to-maturity securities for the nine three months ended September 30, 2023 March 31, 2024 or September 30, 2022 March 31, 2023.

At September 30, 2023 both March 31, 2024 and December 31, 2022 December 31, 2023, debt securities held-to-maturity with a carrying value of $10.1 million and $2.0 $9.7 million, respectively, were pledged to secure borrowings and deposits.

Gross unrealized losses on mortgage-backed securities held-to-maturity, and the estimated fair value of the related securities, aggregated by security category and length of time that individual securities have been in a continuous unrealized loss position at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 were as follows (in thousands):

		September 30, 2023							March 31, 2024					
		Less than 12 months		12 months or more		Total			Less than 12 months		12 months or more		Total	
		Unrealized losses	Estimated fair value	Unrealized losses	Estimated fair value	Unrealized losses	Estimated fair value		Unrealized losses	Estimated fair value	Unrealized losses	Estimated fair value	Unrealized losses	Estimated fair value
Mortgage-backed securities:	Mortgage-backed securities:							Mortgage-backed securities:						
Pass-through certificates:	Pass-through certificates:							Pass-through certificates:						
GSE	GSE	$ (210)	$ 5,948	$ (533)	$ 3,423	$ (743)	$ 9,371							
Total	Total	$ (210)	$ 5,948	$ (533)	$ 3,423	$ (743)	$ 9,371							
Total														
Total														

		December 31, 2022							December 31, 2023					

		Less than 12 months		12 months or more		Total	
		Unrealized losses	Estimated fair value	Unrealized losses	Estimated fair value	Unrealized losses	Estimated fair value
Mortgage-backed securities:	Mortgage-backed securities:						
Pass-through certificates:	Pass-through certificates:						
GSE	GSE	$ (461)	$ 7,433	$ —	$ —	$ (461)	$ 7,433
Total	Total	$ (461)	$ 7,433	$ —	$ —	$ (461)	$ 7,433

	Less than 12 months		12 months or more		Total	
	Unrealized losses	Estimated fair value	Unrealized losses	Estimated fair value	Unrealized losses	Estimated fair value
Mortgage-backed securities:						
Pass-through certificates:						

Total

Total

NORTHFIELD BANCORP, INC.
Notes to Unaudited Consolidated Financial Statements - (Continued)

The Company held six nine pass-through mortgage-backed debt securities held-to-maturity issued or guaranteed by GSEs that were in a continuous unrealized loss position of twelve months or greater at September 30, 2023. The Company held five pass-through mortgage-backed debt securities held-to-maturity issued or guaranteed by GSEs that were in an unrealized loss position of less than twelve months at September 30, 2023 March 31, 2024.

The Company's held-to-maturity securities are residential mortgage-backed securities issued by Ginnie Mae, Freddie Mac and Fannie Mae, and it is expected that the securities will not be settled at prices less than the amortized cost bases of the securities as such securities are backed by the full faith and credit of and/or guaranteed by the U.S. Government. Accordingly, no allowance for credit losses has been recorded for these securities.

The Company has made the accounting policy election to exclude accrued interest receivable on held-to-maturity securities from the estimate of credit losses. Accrued interest receivable associated with held-to-maturity securities totaling $37,000 $35,000 and $39,000, $36,000, at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, was reported in accrued interest receivable on the consolidated balance sheets. The Company elected not to measure an allowance for credit losses on accrued interest receivable, as an allowance on possible uncollectible accrued interest is not warranted.

NORTHFIELD BANCORP, INC.
Notes to Unaudited Consolidated Financial Statements - (Continued)

Note 4 – Equity Securities

Equity securities totaled $11.0 million and $10.6 million at March 31, 2024 and $10.4 million at September 30, 2023 and December 31, 2022 December 31, 2023, respectively. Equity securities consisted of money market mutual funds, recorded at fair value of $348,000 $1.0 million and $361,000 $330,000 at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, and an investment in a private SBA loan fund (the "SBA Loan Fund") recorded at net asset value of $10.0 million and $10.3 million at March 31, 2024 and $10.1 million at September 30, 2023 and December 31, 2022 December 31, 2023, respectively. As the SBA Loan Fund operates as a private fund, its shares are not publicly traded and, therefore, have no readily determinable market value. The SBA Loan Fund was recorded at net asset value as a practical expedient for reporting fair value.

Note 5 – Loans

The following table summarizes the Company's loans held-for-investment (in thousands):

		September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Real estate loans:	Real estate loans:				
Multifamily					
Multifamily					
Multifamily	Multifamily	$2,782,141	$2,824,579		
Commercial mortgage	Commercial mortgage	932,987	899,249		

One-to-four family residential mortgage	One-to-four family residential mortgage	164,525	173,946
Home equity and lines of credit	Home equity and lines of credit	160,798	152,555
Construction and land	Construction and land	32,290	24,932
Total real estate loans	Total real estate loans	4,072,741	4,075,261
Commercial and industrial loans (1)		144,788	154,700
Commercial and industrial loans			
Other loans	Other loans	2,074	2,230
Total commercial and industrial and other loans	Total commercial and industrial and other loans	146,862	156,930
Loans held-for-investment (excluding purchased credit-deteriorated ("PCD") loans)			
Loans held-for-investment (excluding purchased credit-deteriorated ("PCD") loans)			
Loans held-for-investment (excluding purchased credit-deteriorated ("PCD") loans)	Loans held-for-investment (excluding purchased credit-deteriorated ("PCD") loans)	4,219,603	4,232,191
PCD loans	PCD loans	10,371	11,502
Total loans held-for-investment	Total loans held-for-investment	4,229,974	4,243,693
Allowance for credit losses	Allowance for credit losses	(38,480)	(42,617)
Net loans held-for-investment	Net loans held-for-investment	$4,191,494	$4,201,076

(1) Included in commercial and industrial loans at September 30, 2023 and December 31, 2022 are Payment Protection Program ("PPP") loans totaling $325,000 and $5.1 million, respectively.

The Company had $950,000 of did not have loans held-for-sale at September 30, 2023 and no loans held-for-sale at December 31, 2022 March 31, 2024 or December 31, 2023.

NORTHFIELD BANCORP, INC.
Notes to Unaudited Consolidated Financial Statements - (Continued)

In addition to originating loans, the Company may acquire loans through portfolio purchases or acquisitions of other companies. Purchased loans that have evidence of more than insignificant credit deterioration since origination are deemed PCD loans. For PCD loans, each loan pool is accounted for as a single asset with a single composite interest rate and an aggregate expectation of cash flows. PCD loans totaled $10.4 million $10.0 million at September 30, 2023 March 31, 2024, as compared to $11.5 million $9.9

million at December 31, 2022 December 31, 2023. The majority of the PCD loan balances were acquired as part of a Federal Deposit Insurance Corporation-assisted transaction. At September 30, 2023 March 31, 2024, PCD loans consisted of approximately 10% 11% home equity loans, 27% 24% commercial real estate loans, 55% 56% commercial and industrial loans, and 8% 9% in one-to-four family residential loans. At December 31, 2022 December 31, 2023, PCD loans consisted of approximately 9% 7% one-to-four family residential loans, 28% 25% commercial real estate loans, 53% 57% commercial and industrial loans, and 10% 11% in home equity loans.

Credit Quality Indicators

The Company monitors the credit quality of its loan portfolio on a regular basis. Credit quality is monitored by reviewing certain credit quality indicators. Management has determined that loan-to-value ("LTV") ratios (at period end) and internally assigned credit risk ratings by loan type are the key credit quality indicators that best measure the credit quality of the Company's loan receivables. LTV ratios used by management in monitoring credit quality are based on current period loan balances and original appraised values at the time of origination (unless a current appraisal has been obtained as a result of the loan being deemed impaired).

The Company maintains a credit risk rating system as part of the risk assessment of its loan portfolio. The Company's lending officers are required to assign a credit risk rating to each loan in their portfolio at origination. This risk rating is reviewed periodically and adjusted if necessary. Monthly, management presents monitored assets to the loan committee. Loan Committee. In addition, the Company engages a third-party independent loan reviewer that performs semi-annual reviews of a sample of loans, validating the credit risk ratings assigned to such loans. The credit risk ratings play an important role in the establishment of the provision for credit losses on loans and the allowance for credit losses for loans held-for-investment. After determining the loss factor for each portfolio segment held-for-investment, the collectively evaluated for impairment balance of the held-for-investment portfolio is multiplied by the collectively evaluated for impairment loss factor for the respective portfolio segment in order to determine the allowance for loans collectively evaluated for impairment.

When assigning a credit risk rating to a loan, management utilizes the Bank's internal nine-point credit risk rating system.

1. Strong
2. Good
3. Acceptable
4. Adequate
5. Watch
6. Special Mention
7. Substandard
8. Doubtful
9. Loss

Loans rated 1 to 5 are considered pass ratings. An asset is classified substandard if it is inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Substandard assets have well defined weaknesses based on objective evidence, and are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected. Assets classified as doubtful have all of the weaknesses inherent in those classified substandard with the added characteristic that the weaknesses present make collection or liquidation in full highly questionable and improbable based on current circumstances. Assets classified as loss are those considered uncollectible and of such little value that their continuance as assets is not warranted. Assets which do not currently expose the Company to sufficient risk to warrant classification in one of the aforementioned categories, but possess weaknesses, are required to be designated special mention.

The following table presents the Company's loans held-for-investment and current period gross charge-offs, excluding PCD loans, by loan class, credit risk ratings and year of origination, at September 30, 2023 March 31, 2024 (in thousands):

		September 30, 2023								March 31, 2024							
		2023	2022	2021	2020	2019	Prior	Revolving Loans	Total	2024	2023	2022	2021	2020	Prior	Revolving Loans	Total
Real Estate:	**Real Estate:**																
Multifamily	Multifamily																
Multifamily																	
Multifamily																	
Pass																	
Pass																	
Pass	Pass	$ 86,526	$617,861	$652,903	$470,913	$250,844	$ 693,124	$ 601	$2,772,772								

Special mention	Special mention	—	—	—	—	—	331	—	331
Substandard	Substandard	—	—	—	—	—	9,038	—	9,038
Total multifamily	Total multifamily	86,526	617,861	652,903	470,913	250,844	702,493	601	2,782,141
Commercial	Commercial								
Commercial									
Commercial									
Pass									
Pass									
Pass	Pass	84,267	209,944	156,104	66,719	88,529	310,461	2,143	918,167
Special mention	Special mention	—	—	—	—	—	722	—	722
Substandard	Substandard	—	2,851	—	—	—	10,947	300	14,098
Total commercial	Total commercial	84,267	212,795	156,104	66,719	88,529	322,130	2,443	932,987
One-to-four family residential	One-to-four family residential								
One-to-four family residential									
One-to-four family residential									
Pass									
Pass									
Pass	Pass	6,226	27,036	12,115	8,435	9,138	99,554	952	163,456
Special mention	Special mention	—	—	—	—	—	352	—	352
Substandard	Substandard	—	—	—	—	—	717	—	717
Total one-to-four family residential	Total one-to-four family residential	6,226	27,036	12,115	8,435	9,138	100,623	952	164,525
Home equity and lines of credit	Home equity and lines of credit								
Home equity and lines of credit									
Home equity and lines of credit									
Pass									
Pass									
Pass	Pass	18,647	34,510	15,648	7,357	5,512	14,314	64,478	160,466
Special mention	Special mention	—	—	—	—	—	68	—	68
Substandard	Substandard	—	—	22	—	90	152	—	264
Total home equity and lines of credit	Total home equity and lines of credit	18,647	34,510	15,670	7,357	5,602	14,534	64,478	160,798
Construction and land	Construction and land								
Construction and land									
Construction and land									
Pass									
Pass									
Pass	Pass	753	8,319	1,725	10,251	1,213	7,378	2,651	32,290

Total construction and land	Total construction and land	753	8,319	1,725	10,251	1,213	7,378	2,651	32,290
Total construction and land									
Total construction and land									
Total real estate loans									
Total real estate loans									
Total real estate loans	Total real estate loans	196,419	900,521	838,517	563,675	355,326	1,147,158	71,125	4,072,741
Commercial and industrial	Commercial and industrial								
Pass									
Pass									
Pass	Pass	7,025	27,846	18,348	2,932	2,818	8,032	61,651	128,652
Special mention	Special mention	—	250	—	61	—	106	—	417
Substandard	Substandard	5	941	14,196	116	96	365	—	15,719
Total commercial and industrial	Total commercial and industrial	7,030	29,037	32,544	3,109	2,914	8,503	61,651	144,788
Current period gross charge-offs	Current period gross charge-offs	1,488	2,164	1,101	437	12	113	—	5,315
Other	Other								
Pass	Pass	1,950	—	—	56	—	14	44	2,064
Pass									
Pass									
Substandard									
Substandard									
Substandard	Substandard	—	—	—	—	—	—	10	10
Total other	Total other	1,950	—	—	56	—	14	54	2,074
Total loans held-for-investment	Total loans held-for-investment	$205,399	$929,558	$871,061	$566,840	$358,240	$1,155,675	$ 132,830	$4,219,603
Total loans held-for-investment									
Total loans held-for-investment									
Total current-period gross charge-offs	Total current-period gross charge-offs	$ 1,488	$ 2,164	$ 1,101	$ 437	$ 12	$ 113	$ —	$ 5,315

NORTHFIELD BANCORP, INC.
Notes to Unaudited Consolidated Financial Statements - (Continued)

The following table presents the Company's loans held-for-investment and current period gross charge-offs, excluding PCD loans, by loan class, credit risk ratings and year of origination, at December 31, 2022 December 31, 2023 (in thousands):

		December 31, 2022								December 31, 2023							
		2022	2021	2020	2019	2018	Prior	Revolving Loans	Total	2023	2022	2021	2020	2019	Prior	Revolving Loans	Total
Real Estate:	**Real Estate:**																
Multifamily	Multifamily																
Multifamily																	

Multifamily									
Pass	Pass	$632,613	$676,370	$500,069	$255,374	$204,810	$545,335	$ 521	$2,815,092
Pass									
Pass									
Special mention									
Substandard	Substandard	—	—	—	—	3,525	5,962	—	9,487
Total multifamily	Total multifamily	632,613	676,370	500,069	255,374	208,335	551,297	521	2,824,579
Commercial	Commercial								
Pass									
Pass									
Pass	Pass	213,621	147,419	68,215	90,644	72,512	275,606	1,664	869,681
Special mention	Special mention	—	—	—	—	—	4,852	—	4,852
Substandard	Substandard	2,889	10,574	—	—	—	11,253	—	24,716
Total commercial	Total commercial	216,510	157,993	68,215	90,644	72,512	291,711	1,664	899,249
One-to-four family residential	One-to-four family residential								
Pass	Pass	26,432	12,340	8,623	10,057	7,227	105,787	1,006	171,472
Pass									
Pass									
Special mention	Special mention	—	—	—	—	—	1,716	—	1,716
Substandard	Substandard	—	—	—	—	—	758	—	758
Total one-to-four family residential	Total one-to-four family residential	26,432	12,340	8,623	10,057	7,227	108,261	1,006	173,946
Home equity and lines of credit	Home equity and lines of credit								
Pass									
Pass									
Pass	Pass	36,513	16,053	8,198	5,948	4,484	11,315	69,539	152,050
Special mention	Special mention	—	—	—	—	—	70	—	70
Substandard	Substandard	—	—	—	92	48	295	—	435
Total home equity and lines of credit	Total home equity and lines of credit	36,513	16,053	8,198	6,040	4,532	11,680	69,539	152,555
Construction and land	Construction and land								
Pass	Pass	8,121	1,145	6,335	1,276	1,427	3,905	653	22,862
Pass									
Pass									
Substandard		—	—	—	—	2,070	—	—	2,070
Total construction and land									
Total construction and land									
Total construction and land	Total construction and land	8,121	1,145	6,335	1,276	3,497	3,905	653	24,932

Total real estate loans	Total real estate loans	920,189	863,901	591,440	363,391	296,103	966,854	73,383	4,075,261
Commercial and industrial	Commercial and industrial								
Pass	Pass	16,941	14,805	7,754	3,754	1,460	8,172	98,969	151,855
Pass									
Pass									
Special mention	Special mention	—	—	48	—	—	124	214	386
Substandard	Substandard	291	482	96	50	200	217	1,123	2,459
Total commercial and industrial	Total commercial and industrial	17,232	15,287	7,898	3,804	1,660	8,513	100,306	154,700
Current period gross charge-offs									
Other	Other								
Pass	Pass	2,010	—	114	5	6	21	74	2,230
Pass									
Pass									
Substandard									
Substandard									
Substandard									
Total other	Total other	2,010	—	114	5	6	21	74	2,230
Total loans held-for-investment	Total loans held-for-investment	$939,431	$879,188	$599,452	$367,200	$297,769	$975,388	$ 173,763	$4,232,191
Total current-period gross charge-offs									

Past Due and Non-Accrual Loans

Included in loans receivable held-for-investment are loans for which the accrual of interest income has been discontinued due to deterioration in the financial condition of the borrowers. The recorded investment of these non-accrual loans was $9.6 million $16.8 million and $9.8 million $10.1 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. Generally, originated loans are placed on non-accrual status when they become 90 days or more delinquent, or sooner if considered appropriate by management, and remain on non-accrual status until they are brought current, have six consecutive months of performance under the revised loan terms, and factors indicating reasonable doubt about the timely collection of payments no longer exist.
Therefore, loans may be current in accordance with their loan terms, or may be less than 90 days delinquent and still be on a non-accruing status.

When an individual loan no longer demonstrates the similar credit risk characteristics as other loans within its current segment, the Company evaluates each for expected credit losses on an individual basis. All non-accrual loans $500,000 and above and all loans designated as TDRs prior to the adoption of ASU 2022-02 are individually evaluated. The non-accrual amounts included in loans individually evaluated for impairment were $5.0 million $10.4 million and $5.2 million $6.0 million at September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023, respectively. Loans on non-accrual status with principal balances less than $500,000, and therefore not meeting the Company's definition of an impaired loan, amounted to $4.6 million $6.4 million and $4.1 million at both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. Loans past due 90 days or more and still accruing interest were $592,000 $453,000 and $425,000 $1.3 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, and consisted of loans that are well-secured and in the process of collection.

NORTHFIELD BANCORP, INC.
Notes to Unaudited Consolidated Financial Statements - (Continued)

The following tables set forth the detail, and delinquency status, of non-performing loans (non-accrual loans and loans past due 90 days or more and still accruing), net of deferred fees and costs, at September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023, excluding PCD loans (in thousands):

	September 30, 2023					
	Total Non-Performing Loans					
	Non-Accruing Loans					
	Current	30-89 Days Past Due	90 Days or More Past Due	Total	90 Days or More Past Due and Accruing	Total Non-Performing Loans
Loans held-for-investment:						
Real estate loans:						
Multifamily						
Substandard	$ 2,248	$ —	$ 825	$ 3,073	$ 209	$ 3,282
Substandard						
Substandard						
Total multifamily	2,248	—	825	3,073	209	3,282
Commercial						
Substandard						
Substandard						
Substandard	2,875	—	2,560	5,435	114	5,549
Total commercial	2,875	—	2,560	5,435	114	5,549
One-to-four family residential						
Substandard						
Substandard						
Substandard	79	—	27	106	139	245
Total one-to-four family residential	79	—	27	106	139	245
Home equity and lines of credit						
Home equity and lines of credit						
Home equity and lines of credit						
Pass	—	—	—	—	39	39
Special mention						
Substandard	22	—	76	98	76	174
Total home equity and lines of credit	22	—	76	98	115	213
Total real estate	5,224	—	3,488	8,712	577	9,289
Commercial and industrial loans						
Pass	—	—	—	—	15	15
Substandard						
Substandard						

	March 31, 2024					
	Total Non-Performing Loans					
	Non-Accruing Loans					
	Current	30-89 Days Past Due	90 Days or More Past Due	Total	90 Days or More Past Due and Accruing	Total Non-Performing Loans
Loans held-for-investment:						
Real estate loans:						
Multifamily						
One-to-four family residential						
Commercial and industrial loans						

Substandard	Substandard	97	—	751	848	—	848
Total commercial and industrial loans	Total commercial and industrial loans	97	—	751	848	15	863
Other loans	Other loans						
Substandard	Substandard	—	—	10	10	—	10
Total other	Total other	—	—	10	10	—	10
Total non-performing loans	Total non-performing loans	$5,321	$ —	$4,249	$9,570	$ 592	$ 10,162

Other loans

NORTHFIELD BANCORP, INC.
Notes to Unaudited Consolidated Financial Statements - (Continued)

		December 31, 2022						
		Total Non-Performing Loans						
		Non-Accruing Loans						
		Current	30-89 Days Past Due	90 Days or More Past Due	Total	90 Days or More Past Due and Accruing	Total Non-Performing Loans	
Loans held-for-investment:	Loans held-for-investment:							Loans held-for-investment:
Real estate loans:	Real estate loans:							Real estate loans:
Multifamily	Multifamily							Multifamily
Substandard	Substandard	$1,923	$ —	$1,362	$3,285	$ 233	$ 3,518	
Substandard								
Substandard								
Total multifamily	Total multifamily	1,923	—	1,362	3,285	233	3,518	
Commercial	Commercial							
Substandard	Substandard	2,806	431	1,947	5,184	8	5,192	
Total commercial		2,806	431	1,947	5,184	8	5,192	
One-to-four family residential								
Substandard	Substandard	—	—	118	118	155	273	
Total one-to-four family residential		—	—	118	118	155	273	
Home equity and lines of credit								
Substandard	Substandard	186	—	76	262	—	262	
Total commercial								
One-to-four family residential								One-to-four family residential
Pass								
Substandard								
Substandard								
Substandard								

December 31, 2023					
Total Non-Performing Loans					
Non-Accruing Loans					
Current	30-89 Days Past Due	90 Days or More Past Due	Total	90 Days or More Past Due and Accruing	Total Non-Performing Loans

Total one-to-four family residential							
Home equity and lines of credit							
Pass							
Pass							
Pass							
Substandard							
Substandard							
Substandard							
Total home equity and lines of credit	Total home equity and lines of credit	186	—	76	262	—	262
Total real estate							
Total real estate							
Total real estate	Total real estate	4,915	431	3,503	8,849	396	9,245
Commercial and industrial loans	Commercial and industrial loans						Commercial and industrial loans
Substandard	Substandard	—	26	938	964	24	988
Substandard							
Substandard							
Total commercial and industrial loans	Total commercial and industrial loans	—	26	938	964	24	988
Other loans	Other loans						
Pass		—	—	—	—	5	5
Substandard							
Substandard							
Substandard							
Total other	Total other	—	—	—	—	5	5
Total non-performing loans	Total non-performing loans	$4,915	$457	$4,441	$9,813	$ 425	$ 10,238

NORTHFIELD BANCORP, INC.
Notes to Unaudited Consolidated Financial Statements - (Continued)

The following tables set forth the detail and delinquency status of loans held-for-investment, excluding PCD loans, net of deferred fees and costs, at September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023 (in thousands):

	September 30, 2023							March 31, 2024					
	Past Due Loans							Past Due Loans					
	30-89 Days Past Due	90 Days or More Past Due	90 Days or More Past Due and Accruing	Total Past Due	Current	Total Loans Receivable, net		30-89 Days Past Due	90 Days or More Past Due	90 Days or More Past Due and Accruing	Total Past Due	Current	Total Loans Receivable, net
Loans held-for-investment:	Loans held-for-investment:						Loans held-for-investment:						
Real estate loans:	Real estate loans:						Real estate loans:						

Multifamily	Multifamily							
Pass								
Pass								
Pass	Pass	$ 178	$ —	$ —	$ 178	$2,772,594	$2,772,772	
Special mention	Special mention	—	—	—	—	331	331	
Substandard	Substandard	—	825	209	1,034	8,004	9,038	
Total multifamily	Total multifamily	178	825	209	1,212	2,780,929	2,782,141	
Commercial	Commercial							Commercial
Pass	Pass	716	—	—	716	917,451	918,167	
Special mention	Special mention	—	—	—	—	722	722	
Substandard	Substandard	1,176	2,560	114	3,850	10,248	14,098	
Total commercial	Total commercial	1,892	2,560	114	4,566	928,421	932,987	
One-to-four family residential	One-to-four family residential							One-to-four family residential
Pass	Pass	2,643	—	—	2,643	160,813	163,456	
Special mention	Special mention	65	—	—	65	287	352	
Substandard	Substandard	—	27	139	166	551	717	
Total one-to-four family residential	Total one-to-four family residential	2,708	27	139	2,874	161,651	164,525	
Home equity and lines of credit	Home equity and lines of credit							
Pass	Pass	1,116	—	39	1,155	159,311	160,466	
Pass								
Pass								
Special mention	Special mention	—	—	—	—	68	68	
Substandard	Substandard	90	76	76	242	22	264	
Total home equity and lines of credit	Total home equity and lines of credit	1,206	76	115	1,397	159,401	160,798	
Construction and land	Construction and land							Construction and land
Pass	Pass	—	—	—	—	32,290	32,290	
Total construction and land								
Total construction and land								
Total construction and land	Total construction and land	—	—	—	—	32,290	32,290	
Total real estate	Total real estate	5,984	3,488	577	10,049	4,062,692	4,072,741	
Commercial and industrial	Commercial and industrial							Commercial and industrial
Pass	Pass	1,574	—	15	1,589	127,063	128,652	
Special mention	Special mention	293	—	—	293	124	417	
Substandard	Substandard	250	751	—	1,001	14,718	15,719	

Total commercial and industrial	Total commercial and industrial	2,117	751	15	2,883	141,905	144,788	
Other loans	Other loans							Other loans
Pass	Pass	4	—	—	4	2,060	2,064	
Substandard	Substandard	—	10	—	10	—	10	
Substandard								
Substandard								
Total other loans	Total other loans	4	10	—	14	2,060	2,074	
Total loans held-for-investment	Total loans held-for-investment	$8,105	$4,249	$ 592	$12,946	$4,206,657	$4,219,603	

NORTHFIELD BANCORP, INC.
Notes to Unaudited Consolidated Financial Statements - (Continued)

		December 31, 2022						December 31, 2023					
		Past Due Loans						Past Due Loans					
		30-89 Days Past Due	90 Days or More Past Due	90 Days or More Past Due and Accruing	Total Past Due	Current	Total Loans Receivable, net	30-89 Days Past Due	90 Days or More Past Due	90 Days or More Past Due and Accruing	Total Past Due	Current	Total Loans Receivable, net
Loans held-for-investment:	Loans held-for-investment:												
Real estate loans:	Real estate loans:												
Real estate loans:													
Real estate loans:													
Multifamily													
Multifamily													
Multifamily	Multifamily												
Pass	Pass	$ 189	$ —	$ —	$ 189	$2,814,903	$2,815,092						
Pass													
Pass													
Special mention													
Substandard	Substandard	—	1,362	233	1,595	7,892	9,487						
Total multifamily	Total multifamily	189	1,362	233	1,784	2,822,795	2,824,579						
Commercial	Commercial												
Pass													
Pass													
Pass	Pass	726	—	—	726	868,955	869,681						
Special mention	Special mention	—	—	—	—	4,852	4,852						
Substandard	Substandard	605	1,947	8	2,560	22,156	24,716						
Total commercial	Total commercial	1,331	1,947	8	3,286	895,963	899,249						
One-to-four family residential	One-to-four family residential												
Pass	Pass	603	—	—	603	170,869	171,472						

Pass							
Pass							
Special mention	Special mention	69	—	—	69	1,647	1,716
Substandard	Substandard	—	118	155	273	485	758
Total one-to-four family residential	Total one-to-four family residential	672	118	155	945	173,001	173,946
Home equity and lines of credit	Home equity and lines of credit						
Pass							
Pass							
Pass	Pass	657	—	—	657	151,393	152,050
Special mention	Special mention	—	—	—	—	70	70
Substandard	Substandard	173	76	—	249	186	435
Total home equity and lines of credit	Total home equity and lines of credit	830	76	—	906	151,649	152,555
Construction and land	Construction and land						
Pass	Pass	—	—	—	—	22,862	22,862
Pass							
Pass							
Substandard		—	—	—	—	2,070	2,070
Total construction and land							
Total construction and land							
Total construction and land	Total construction and land	—	—	—	—	24,932	24,932
Total real estate	Total real estate	3,022	3,503	396	6,921	4,068,340	4,075,261
Commercial and industrial	Commercial and industrial						
Pass							
Pass							
Pass	Pass	573	—	—	573	151,282	151,855
Special mention	Special mention	—	—	—	—	386	386
Substandard	Substandard	498	938	24	1,460	999	2,459
Total commercial and industrial	Total commercial and industrial	1,071	938	24	2,033	152,667	154,700
Other loans	Other loans						
Pass	Pass	5	—	5	10	2,220	2,230
Pass							
Pass							
Substandard							
Substandard							
Substandard							
Total other loans	Total other loans	5	—	5	10	2,220	2,230
Total loans held-for-investment	Total loans held-for-investment	$4,098	$4,441	$ 425	$8,964	$4,223,227	$4,232,191

The following tables summarize information on non-accrual loans, excluding PCD loans, as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 (in thousands):

	September 30, 2023		
	Recorded Investment	**Unpaid Principal Balance**	**With No Related Allowance**
		March 31, 2024	
		March 31, 2024	
		March 31, 2024	
	Recorded Investment		
	Recorded Investment		
	Recorded Investment		
Real estate loans:			
Real estate loans:			
Real estate loans: Real estate loans:			
Multifamily Multifamily	$ 3,073	$ 3,360	$ 1,917
Multifamily			
Multifamily			
Commercial			
Commercial			
Commercial Commercial	5,435	5,890	3,019
One-to-four family residential One-to-four family residential	106	106	—
One-to-four family residential			
One-to-four family residential			
Home equity and lines of credit			
Home equity and lines of credit			
Home equity and lines of credit Home equity and lines of credit	98	348	—
Commercial and industrial Commercial and industrial	848	4,468	80
Commercial and industrial			
Commercial and industrial			
Other			
Other			
Other Other	10	9	—
Total non-accrual loans Total non-accrual loans	$ 9,570	$ 14,181	$ 5,016
Total non-accrual loans			
Total non-accrual loans			

	December 31, 2022		
	Recorded Investment	**Unpaid Principal Balance**	**With No Related Allowance**
		December 31, 2023	
		December 31, 2023	
		December 31, 2023	
	Recorded Investment		
	Recorded Investment		
	Recorded Investment		
Real estate loans:			

Real estate loans:				
Real estate loans:	Real estate loans:			
Multifamily	Multifamily	$ 3,285	$ 3,294	$ 2,050
Multifamily				
Multifamily				
Commercial				
Commercial				
Commercial	Commercial	5,184	5,639	3,069
One-to-four family residential	One-to-four family residential	118	118	—
One-to-four family residential				
One-to-four family residential				
Home equity and lines of credit				
Home equity and lines of credit				
Home equity and lines of credit	Home equity and lines of credit	262	512	—
Commercial and industrial	Commercial and industrial	964	1,288	67
Commercial and industrial				
Commercial and industrial				
Other				
Other				
Other				
Total non-accrual loans	Total non-accrual loans	$ 9,813	$ 10,851	$ 5,186
Total non-accrual loans				
Total non-accrual loans				

The following table summarizes interest income on non-accrual loans, excluding PCD loans, during the three and nine months ended September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023 (in thousands):

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
	2024	2024		2023	
Real estate loans:	Real estate loans:				
Multifamily					
Multifamily					
Multifamily	Multifamily	$ 41	$ 25	$ 144	$ 73

Commercial	Commercial	63	26	183	108
One-to-four family residential	One-to-four family residential	1	—	6	10
Home equity and lines of credit		—	5	1	16
Commercial and industrial					
Commercial and industrial					
Commercial and industrial	Commercial and industrial	48	6	77	14
Total interest income on non-accrual loans	Total interest income on non-accrual loans	$ 153	$ 62	$ 411	$ 221
Total interest income on non-accrual loans					
Total interest income on non-accrual loans					

NORTHFIELD BANCORP, INC.
Notes to Unaudited Consolidated Financial Statements - (Continued)

Collateral-Dependent Loans

Loans for which the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral are considered to be collateral-dependent loans. Collateral can have a significant financial effect in mitigating exposure to credit risk and, where there is sufficient collateral, an allowance for credit losses is not recognized or is minimal. For collateral-dependent loans, the allowance for credit losses is individually assessed based on the fair value of the collateral less estimated costs of sale. The Company's collateral-dependent loans are secured by real estate. Collateral values are generally based on appraisals which are adjusted for changes in market indices. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company had $7.0 $12.2 million and $7.4 $7.9 million of collateral-dependent impaired loans, respectively. The collateral-dependent loans at September 30, 2023 March 31, 2024 consisted of $4.7 $10.0 million of commercial real estate loans, $1.9 million of multifamily loans, and $309,000 $289,000 of one-to-four family residential loans. For the nine three months ended September 30, 2023 March 31, 2024, there was no significant deterioration or changes in the collateral securing these loans.

Loan Modifications Made to Borrowers Experiencing Financial Difficulty

Effective January 1, 2023, the Company adopted ASU 2022-02, which eliminated the accounting for TDRs while expanding loan modification and vintage disclosure requirements. See Note 1 to the consolidated financial statements for further information.

The following tables present table presents the amortized cost basis at September 30, 2023 March 31, 2024 of loan modifications made to borrowers experiencing financial difficulty that were modified during the three and nine months ended September 30, 2023 March 31, 2024 by class and by type of modification (dollars in thousands):

	Three Months Ended September 30, 2023					
	Payment Delay	Term Extension(1)	Payment Delay and Interest Rate Reduction	Payment Delay, Term Extension, and Interest Rate Reductions	Total	Percentage of Total Class of Financing Receivable
Commercial mortgage	$ 171	$ —	$ —	$ —	$ 171	0.02 %
Commercial and industrial	96	13,379	—	390	13,865	9.58 %
Total loans	$ 267	$ 13,379	$ —	$ 390	$ 14,036	

	Nine Months Ended September 30, 2023					
	Payment Delay	Term Extension(1)	Payment Delay and Interest Rate Reduction	Payment Delay, Term Extension, and Interest Rate Reductions	Total	Percentage of Total Class of Financing Receivable
	Three Months Ended March 31, 2024					
	Three Months Ended March 31, 2024					
	Three Months Ended March 31, 2024					
	Payment Delay					

		Payment Delay					
		Payment Delay					
Commercial mortgage							
Commercial mortgage							
Commercial mortgage	Commercial mortgage	$ 236	$ —	$ —	$ —	$ 236	0.03 %
Commercial and industrial	Commercial and industrial	96	13,379	208	636	14,319	9.89 %
Commercial and industrial							
Commercial and industrial							
Total loans							
Total loans							
Total loans	Total loans	$ 332	$ 13,379	$ 208	$ 636	$ 14,555	

(1)Represents Includes one loan with a balance of $13.4 million at March 31, 2024, that was risk rated substandard and was modified during the three months quarter ended September 30, 2023 March 31, 2024, to receive a maturity extension of 90-days through November 1, 2023 May 1, 2024. This loan previously had multiple 90-day extensions. The loan was originally downgraded to substandard due to operating losses, however the current debt service coverage ratio is 1.84x 1.57x and the loan is adequately secured by eligible receivables in excess of approximately $18 million. The loan is was current as of September 30, 2023 March 31, 2024.

The following table presents the financial effect of loan modifications made to borrowers experiencing financial difficulty during the three and nine months ended September 30, 2023 March 31, 2024 (in thousands):

	Weighted-Average Term Extension (in months)	
	Weighted-Average Term Extension (in months)	
	Weighted-Average Term Extension (in months)	
Three Months Ended March 31, 2024		
Three Months Ended March 31, 2024		
Three Months Ended March 31, 2024		
Commercial mortgage		
Commercial mortgage		
Commercial mortgage		
Commercial and industrial		
Commercial and industrial		
Commercial and industrial		

	Weighted-Average Term Extension (in months)	Weighted-Average Interest Rate Reduction
Three Months Ended September 30, 2023		
Commercial and industrial	3.4	2.87 %
Nine Months Ended September 30, 2023		
Commercial and industrial	3.5	3.75 %

There were no loan modifications made to borrowers experiencing financial difficulty during the three months ended March 31, 2023.

No modifications involved forgiveness of principal. There were no commitments to lend additional funds at March 31, 2024 to borrowers experiencing financial difficulty whose terms have been restructured at September 30, 2023. restructured.

For restructured modified loans, a subsequent payment default is defined in terms of delinquency, when a principal or interest payment is 90 days past due or classified into non-accrual status during the reporting period. Of the loans restructured during the three and nine months ended September 30, 2023 (since modified since adoption of ASU 2022-02), 2022-02, there was one were two commercial and industrial loans with a combined balance of approximately $176,000 that subsequently defaulted and were charged-off. One additional commercial mortgage loan with a balance of approximately $76,000 that subsequently $245,000 also defaulted and was charged-off during the quarter ended September 30, 2023. March 31, 2024, and was placed on non-accrual status.

The Company closely monitors the performance of loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of the modification efforts. The following tables present table presents the aging analysis of loan modifications made to borrowers experiencing financial difficulty during the three and nine months ended September 30, 2023 as of March 31, 2024 (in thousands):

	Three Months Ended September 30, 2023				
	Current	30-89 Days Past Due	90 Days or More Past Due	Non-Accrual	Total
Commercial mortgage	$ —	$ —	$ —	$ 171	$ 171
Commercial and industrial	13,865	—	—	—	13,865
Total loans	$ 13,865	$ —	$ —	$ 171	$ 14,036

	Nine Months Ended September 30, 2023				
	Current	30-89 Days Past Due	90 Days or More Past Due	Non-Accrual	Total
Commercial mortgage	$ —	$ 65	$ —	$ 171	$ 236
Commercial and industrial	14,319	—	—	—	14,319
Total loans	$ 14,319	$ 65	$ —	$ 171	$ 14,555

Troubled Debt Restructured Loans prior to the adoption of ASU 2022-02

	As of March 31, 2024				
	Current	30-89 Days Past Due	90 Days or More Past Due	Non-Accrual	Total
Commercial mortgage	$ —	$ —	$ —	$ 929	$ 929
Commercial and industrial	14,784	300	—	746	15,830
Total loans	$ 14,784	$ 300	$ —	$ 1,675	$ 16,759

Prior to the adoption of ASU 2022-02, the Company classified certain loans as TDRs when credit terms to a borrower in financial difficulty were modified, in accordance with ASC 310-40. With the adoption of ASU 2022-02 the Company has ceased to recognize or measure for new TDRs, but those existing at December 31, 2022 will remain until settled.

There were no loans modified as a TDR during the three or nine months ended September 30, 2022.

At December 31, 2022 the Company had TDRs of $7.0 million.

Management classifies all TDRs as loans individually evaluated for impairment. Loans individually evaluated for impairment are assessed to determine that the loan's carrying value is not in excess of the estimated fair value of the collateral less cost to sell, if the loan is collateral-dependent, or the present value of the expected future cash flows, if the loan is not collateral-dependent. Management performs an evaluation of each impaired loan and generally obtains updated appraisals as part of the evaluation. In addition, management adjusts estimated fair values down to appropriately consider recent market conditions, our willingness to accept a lower sales price to effect a quick sale, and costs to dispose of any supporting collateral. Determining the estimated fair value of underlying collateral (and related costs to sell) can be difficult in illiquid real estate markets and is subject to significant assumptions and estimates. Management employs an independent third-party management firm that specializes in appraisal preparation and review to ascertain the reasonableness of updated appraisals. Projecting the expected cash flows under TDRs which are not collateral-dependent is inherently subjective and requires, among other things, an evaluation of the borrower's current and projected financial condition. Actual results may be significantly different than our projections and our established allowance for credit losses on these loans, which could have a material effect on our financial results.

At September 30, 2022, there were no restructured TDRs during the preceding twelve months that subsequently defaulted.

Note 6 – Allowance for Credit Losses ("ACL") on Loans

Allowance for Collectively Evaluated Loans Held-for-Investment

In estimating the quantitative component of the allowance on a collective basis, the Company uses a risk rating migration model which calculates an expected life of loan loss percentage for each loan by generating probability of default and loss given default metrics. These metrics are multiplied by the exposure at the potential default, taking into consideration estimated prepayments, to calculate the quantitative component of the ACL. The metrics are based on the migration of loans from performing to loss by credit risk rating or delinquency categories using historical life-of-loan analysis periods for each loan portfolio pool, and the severity of loss, based on the aggregate net lifetime losses incurred using the Company's own historical loss experience and comparable peer data loss history. The model's expected losses based on loss history are adjusted for qualitative adjustments to address risks that may not be adequately represented in the risk rating migration model. Among other things, these adjustments include and account for differences in: (i) changes in lending policies and procedures; (ii) changes in local, regional, national, and international economic and business conditions and developments that affect the collectability of our portfolio, including the condition of various market segments; (iii) changes in the experience, ability and depth of lending management and other relevant staff; (iv) changes in the quality of our loan review system; (v) the existence and effect of any concentrations of credit, and changes in the level of such concentrations; and (vi) the effect of other external factors such as competition and legal and regulatory requirements on the level of estimated credit losses in our existing portfolio.

The Company utilizes a two-year reasonable and supportable forecast period after which estimated losses revert to historical loss experience immediately for the remaining life of the loan. In establishing its estimate of expected credit losses, the Company utilizes five externally-sourced forward-looking economic scenarios developed by Moody's Analytics (“Moody's”).

Management utilizes five different Moody's scenarios so as to incorporate uncertainties related to the economic environment. These scenarios, which range from more benign to more severe economic outlooks, include a “most likely outcome” (the “Baseline” scenario) and four less likely scenarios referred to as the “Upside” and “Downside” scenarios. Each scenario is assigned a weighting with a majority of the weighting placed on the Baseline scenario and lower weights placed on both the Upside and Downside scenarios. The weighting assigned by management is based on the economic outlook and available information at the reporting date. The model projects economic variables under each scenario based on detailed statistical analyses. The Company has identified and selected key variables that most closely correlated to its historical credit performance, which include: Gross domestic product, unemployment, and three collateral indices: the Commercial Property Price Index, the Commercial Property Price Apartment Index and the Case-Shiller Home Price Index.

Allowance for Individually Evaluated Loans

The Company measures specific reserves for individual loans that do not share common risk characteristics with other loans, consisting of all loans previously modified as TDRs (prior to the adoption of ASU 2022-02) and non-accrual loans with an outstanding balance of $500,000 or greater. Loans individually evaluated for impairment are assessed to determine whether the loan’s carrying value is not in excess of the estimated fair value of the collateral less cost to sell, if the loan is collateral-dependent, or the present value of the expected future cash flows, if the loan is not collateral-dependent. Management performs an evaluation of each impaired loan and generally obtains updated appraisals as part of the evaluation. In addition, management adjusts estimated fair values down to appropriately consider recent market conditions, our willingness to accept a lower sales price to effect a quick sale, and costs to dispose of any supporting collateral. Determining the estimated fair value of underlying collateral (and related costs to sell) can be difficult in illiquid real estate markets and is subject to significant assumptions and estimates. Management employs an independent third-party management firm that specializes in appraisal preparation and review to ascertain the reasonableness of updated appraisals. Projecting the expected cash flows for modified loans which are not collateral-dependent is inherently subjective and requires, among other things, an evaluation of the borrower’s current and projected financial condition. Actual results may be significantly different than our projections and our established allowance for credit losses on these loans, which could have a material effect on our financial results. Individually impaired loans that have no impairment losses are not considered for collective allowances described earlier. At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the ACL for loans individually evaluated for impairment was $45,300 $44,300 and $38,200, $45,200, respectively.

Allowance for Credit Losses – Off-Balance Sheet Exposures

An ACL for off-balance-sheet exposures represents an estimate of expected credit losses arising from off-balance sheet exposures such as loan commitments, standby letters of credit and unused lines of credit (loans already on the books). Commitments to fund unused lines of credit are agreements to lend additional funds to customers as long as there have been no violations of any of the conditions established in the agreements (original or restructured). Commitments to originate loans generally have a fixed expiration or other termination clauses, which may require payment of a fee. Since some of these loan commitments are expected to expire without being drawn upon, total commitments do not necessarily represent future cash requirements. The reserve for off-balance sheet exposures is determined using the Current Expected Credit Losses (“CECL”) reserve factor in the related funded loan segment, adjusted for an average historical funding rate. The allowance for credit losses for off-balance sheet credit exposures is recorded in other liabilities on the consolidated balance sheets and the corresponding provision is included in other non-interest expense.

The table below summarizes the allowance for credit losses for off-balance sheet credit exposures as of, and for, the three and nine months ended September 30, 2023 March 31, 2024, and September 30, 2022 March 31, 2023 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	Three Months Ended March 31,			

	Three Months Ended March 31, 2024		Three Months Ended March 31, 2024	
Balance at beginning of period	$241	$2,480	$791	$1,852
Provision (benefit) for credit losses	160	(1,888)	(390)	(1,260)
Provision for credit losses				
Provision for credit losses				
Provision for credit losses				
Balance at end of period	$401	$ 592	$401	$ 592

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Notes to Unaudited Consolidated Financial Statements - (Continued)

The following tables set forth activity in our allowance for credit losses on loans, by loan type, as of, and for the three and nine months ended September 30, 2023, and September 30, 2022 (in thousands):

	Three Months Ended September 30, 2023								
	Real Estate								
	Commercial (1)	One-to-Four Family	Home Equity and Lines of Credit	Construction and Land	Commercial and Industrial	Other	Total Loans (excluding PCD)	PCD	Total
Allowance for credit losses:									
Beginning balance	$ 24,733	$3,814	$1,278	$ 301	$ 7,295	$ 7	$ 37,428	$3,726	$41,154
Beginning balance									
Beginning balance									
Charge-offs	—	—	—	—	(2,904)	—	(2,904)	—	(2,904)
Recoveries	14	—	—	—	20	—	34	8	42
Provisions (credit)	(409)	(243)	77	(2)	1,391	—	814	(626)	188
Ending balance	$ 24,338	$3,571	$1,355	$ 299	$ 5,802	$ 7	$ 35,372	$3,108	$38,480

Three Months Ended March 31, 2024							
Real Estate							
Commercial (1)	One-to-Four Family	Home Equity and Lines of Credit	Construction and Land	Commercial and Industrial	Other	To Loa (exclu PC	

Three Months Ended September 30, 2022
Real Estate

	Commercial (1)	One-to-Four Family	Home Equity and Lines of Credit	Construction and Land	Commercial and Industrial	Other	Total Loans (excluding PCD)	PCD	Total
Allowance for credit losses:									
Beginning balance	$ 28,065	$ 3,005	$ 802	$ 285	$ 2,705	$ 11	$ 34,873	$ 4,158	$ 39,031
Charge-offs	—	—	—	—	—	—	—	(75)	(75)
Recoveries	4	7	19	—	12	4	46	178	224
Provisions (credit)	2,117	553	53	(10)	238	(9)	2,942	(239)	2,703
Ending balance	$ 30,186	$ 3,565	$ 874	$ 275	$ 2,955	$ 6	$ 37,861	$ 4,022	$ 41,883

(1) Commercial includes commercial real estate loans collateralized by owner-occupied, non-owner occupied, and multifamily properties.

NORTHFIELD BANCORP, INC.
Notes to Unaudited Consolidated Financial Statements - (Continued)

	Nine Months Ended September 30, 2023								
	Real Estate								
	Commercial (1)	One-to-Four Family	Home Equity and Lines of Credit	Construction and Land	Commercial and Industrial	Other	Total Loans (excluding PCD)	PCD	Total
Allowance for credit losses:									
Beginning balance	$ 29,485	$ 3,936	$ 866	$ 324	$ 4,114	$ 9	$ 38,734	$ 3,883	$ 42,617
Charge-offs	—	—	—	—	(5,315)	—	(5,315)	(8)	(5,323)
Recoveries	48	—	1	—	47	—	96	8	104
Provisions (credit)	(5,195)	(365)	488	(25)	6,956	(2)	1,857	(775)	1,082
Ending balance	$ 24,338	$ 3,571	$ 1,355	$ 299	$ 5,802	$ 7	$ 35,372	$ 3,108	$ 38,480

		Nine Months Ended September 30, 2022								
		Real Estate								
		Commercial (1)	One-to-Four Family	Home Equity and Lines of Credit	Construction and Land	Commercial and Industrial	Other	Total Loans (excluding PCD)	PCD	Total
Allowance for credit losses:	**Allowance for credit losses:**									
Beginning balance	Beginning balance	$ 26,785	$ 3,545	$ 560	$ 169	$ 3,173	$ 9	$ 34,241	$ 4,732	$ 38,973
Charge-offs	Charge-offs	—	—	—	—	(185)	—	(185)	(600)	(785)
Recoveries	Recoveries	101	7	19	—	131	4	262	178	440
Provisions (credit)	Provisions (credit)	3,300	13	295	106	(164)	(7)	3,543	(288)	3,255
Ending balance	Ending balance	$ 30,186	$ 3,565	$ 874	$ 275	$ 2,955	$ 6	$ 37,861	$ 4,022	$ 41,883

	Three Months Ended March 31, 2023				
	Real Estate				
	Commercial (1)	One-to-Four Family	Home Equity and Lines of Credit	Construction and Land	Commercial and Industrial
Allowance for credit losses:					

(1) Commercial includes commercial real estate loans collateralized by owner-occupied, non-owner occupied, and multifamily properties.

The allowance for credit losses on loans decreased to $38.5 $37.0 million at September 30, 2023 March 31, 2024, compared to $42.6 $37.5 million as of December 31, 2022 December 31, 2023, primarily due to a decrease in loan balances a decrease in reserves related to non-economic qualitative loss factors and an improvement in the multifamily economic forecast within our CECL model for the quarter. The decrease was partially offset by increases in quantitative reserves in the commercial and commercial real estate industrial and home equity and lines of credit loan portfolios and a decrease due to an increase in reserves related to the PCD portfolio, attributable to improved cash flow and higher charge-offs.

non-performing loans in these categories.

The following tables detail the amount of loans receivable held-for-investment, net of deferred loan fees and costs, that are evaluated, individually and collectively, for impairment, and the related portion of the allowance for credit losses that is allocated to each loan portfolio segment, at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 (in thousands):

		September 30, 2023								
		Real Estate								
		Commercial (1)	One-to-Four Family	Home Equity and Lines of Credit	Construction and Land	Commercial and Industrial	Other	Total Loans (excluding PCD)	PCD	Total
Allowance for credit losses:	**Allowance for credit losses:**									
Allowance for credit losses:										
Allowance for credit losses:										
Ending balance: individually evaluated for impairment										
Ending balance: individually evaluated for impairment										
Ending balance: individually evaluated for impairment	Ending balance: individually evaluated for impairment	$ 24	$ —	$ 3	$ —	$ 18	$ —	$ 45	$ —	$ 45
Ending balance: collectively evaluated for impairment	Ending balance: collectively evaluated for impairment	24,313	3,571	1,353	299	5,784	7	35,327	—	35,327
Ending balance: collectively evaluated for impairment										
Ending balance: collectively evaluated for impairment										
Ending balance: PCD loans evaluated for impairment (2)										
Ending balance: PCD loans evaluated for impairment (2)										
Ending balance: PCD loans evaluated for impairment (2)	Ending balance: PCD loans evaluated for impairment (2)	—	—	—	—	—	—	—	3,108	3,108

Loans, net:	**Loans, net:**									
Loans, net:										
Loans, net:										
Ending balance										
Ending balance										
Ending balance	Ending balance	$ 3,715,128	$ 164,525	$ 160,798	$ 32,290	$ 144,788	$ 2,074	$ 4,219,603	$ 10,371	$ 4,229,974
Ending balance: individually evaluated for impairment	Ending balance: individually evaluated for impairment	7,681	624	24	—	87	—	8,416	—	8,416
Ending balance: individually evaluated for impairment										
Ending balance: individually evaluated for impairment										
Ending balance: collectively evaluated for impairment										
Ending balance: collectively evaluated for impairment										
Ending balance: collectively evaluated for impairment	Ending balance: collectively evaluated for impairment	3,707,447	163,901	160,774	32,290	144,376	2,074	4,210,862	—	4,210,862
Ending balance: PCD loans evaluated for impairment (2)	Ending balance: PCD loans evaluated for impairment (2)	—	—	—	—	—	—	—	10,371	10,371
Ending balance: PCD loans evaluated for impairment (2)										
Ending balance: PCD loans evaluated for impairment (2)										
PPP loans not evaluated for impairment (3)	PPP loans not evaluated for impairment (3)	—	—	—	—	325	—	325	—	325
PPP loans not evaluated for impairment (3)										
PPP loans not evaluated for impairment (3)										

	December 31, 2022	December 31, 2023	
	Real Estate	Real Estate	

		Commercial (1)	One-to-Four Family	Home Equity and Lines of Credit	Construction and Land	Commercial and Industrial	Other	Total Loans (excluding PCD)	PCD	Total	Commercial (1)	One-to-Four Family	Home Equity and Lines of Credit	Construction and Land	Commercial and Industrial
Allowance for credit losses:	**Allowance for credit losses:**														
Ending balance: individually evaluated for impairment															
Ending balance: individually evaluated for impairment															
Ending balance: individually evaluated for impairment	Ending balance: individually evaluated for impairment	$ 18	$ —	$ 2	$ —	$ 18	$ —	$ 38	$ —	$ 38					
Ending balance: collectively evaluated for impairment	Ending balance: collectively evaluated for impairment	29,467	3,936	864	324	4,096	9	38,696	—	38,696					
Ending balance: PCD loans evaluated for impairment (2)	Ending balance: PCD loans evaluated for impairment (2)	—	—	—	—	—	—	—	3,883	3,883					
Loans, net:	**Loans, net:**										**Loans, net:**				
Ending balance	Ending balance	$ 3,723,828	$ 173,946	$ 152,555	$ 24,932	$ 154,700	$ 2,230	$ 4,232,191	$ 11,502	$ 4,243,693					
Ending balance: individually evaluated for impairment	Ending balance: individually evaluated for impairment	8,152	666	27	—	94	—	8,939	—	8,939					
Ending balance: collectively evaluated for impairment	Ending balance: collectively evaluated for impairment	3,715,676	173,280	152,528	24,932	149,463	2,230	4,218,109	—	4,218,109					
Ending balance: PCD loans evaluated for impairment (2)	Ending balance: PCD loans evaluated for impairment (2)	—	—	—	—	—	—	—	11,502	11,502					

PPP loans not evaluated for impairment (3)	PPP loans not evaluated for impairment (3)	—	—	—	—	5,143	—	5,143	—	5,143

(1) Commercial includes commercial real estate loans collateralized by owner-occupied, non-owner occupied, and multifamily properties.

(2) Upon adoption of CECL, the Company elected to maintain pools of PCD loans that were previously accounted for under ASC 310-30, and will continue to evaluate PCD loans under this guidance.

(3) PPP loans are guaranteed by the SBA and therefore excluded from the allowance for credit losses.

NORTHFIELD BANCORP, INC.
Notes to Unaudited Consolidated Financial Statements - (Continued)

Note 7 – Deposits

Deposit account balances are summarized as follows (in thousands):

		September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Non-interest-bearing checking	Non-interest-bearing checking	$ 727,605	$ 852,660		
Negotiable orders of withdrawal (“NOW”) and interest-bearing checking	Negotiable orders of withdrawal (“NOW”) and interest-bearing checking	1,150,647	1,132,290		
Savings and money market	Savings and money market	1,259,519	1,425,247		
Certificates of deposit	Certificates of deposit	530,742	740,022		
Total deposits	Total deposits	$3,668,513	$4,150,219		

Interest expense on deposit accounts is summarized for the periods indicated (in thousands):

		Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
		2023	2022	2023	2022	2024	2023
NOW and interest-bearing checking, savings, and money market	NOW and interest-bearing checking, savings, and money market	$ 8,865	$ 701	$ 19,194	$ 1,871		
Certificates of deposit	Certificates of deposit	4,749	1,420	12,724	2,743		
Total interest expense on deposit accounts	Total interest expense on deposit accounts	$ 13,614	$ 2,121	$ 31,918	$ 4,614		

Note 8 – Subordinated Debt

On June 17, 2022, the Company issued $62.0 million in aggregate principal amount of fixed-to-floating subordinated notes (the “Notes”) to certain institutional investors. The Notes mature on June 30, 2032, unless redeemed earlier. The Notes initially bear interest, payable semi-annually in arrears, at a fixed rate of 5.00% per annum until June 30, 2027. Beginning June 30, 2027 and until maturity or redemption, the interest rate applicable to the outstanding principal amount of the Notes due will reset quarterly to an interest rate per annum equal to the then current three-month Secured Overnight Financing Rate plus 200 basis points, payable quarterly in arrears. The Company has the option to redeem the Notes, at par and in whole or in part, beginning on June 30, 2027 and to redeem the Notes at any time in whole upon certain other events. Any redemption of the Notes will be subject to prior regulatory approval to the extent required. Debt issuance costs totaled $1.1 million and are being amortized to maturity. The Company recognized amortization expense At March 31, 2024 and December 31, 2023, subordinated debt totaled $61.3 million and $61.2 million, respectively, which included $725,000 and $781,000, respectively, of $56,000 and $167,000 for the three and nine months ended September 30, 2023, respectively. unamortized debt issuance costs. The Company recognized amortization expense of $56,000 for both the three and nine months ended September 30, 2022. The Company intends to use the net proceeds from the issuance of the Notes for general corporate purposes, including to fund potential repurchases of shares of the Company’s outstanding common stock. March 31, 2024 and 2023, respectively.

Note 9 – Equity Incentive Plans

The following table is a summary of the Company’s stock options outstanding as of September 30, 2023 March 31, 2024, and changes therein during the nine three months then ended.

	Number of Stock Options	Weighted Average Grant Date Fair Value	Weighted Average Exercise Price	Weighted Average Contractual Life (years)
Outstanding - December 31, 2022	1,582,826	$ 4.03	$ 14.04	2.01
Forfeited or cancelled	(30,920)	3.97	13.79	—
Exercised	(7,600)	3.91	13.13	—
Outstanding - September 30, 2023	1,544,306	4.03	14.05	1.26
Exercisable - September 30, 2023	1,544,306	4.03	14.05	1.26

	Number of Stock Options	Weighted Average Grant Date Fair Value	Weighted Average Exercise Price	Weighted Average Contractual Life (years)
Outstanding and Exercisable - December 31, 2023	1,544,306	$ 4.03	$ 14.05	1.01
Outstanding and Exercisable - March 31, 2024	1,544,306	4.03	14.05	0.76

On January 27, 2023 January 26, 2024, the Company granted to directors and employees, under the 2019 Equity Incentive Plan, 157,525 194,049 restricted stock awards with a total grant-date grant date fair value of $2.3 million $2.6 million. Of these grants, 33,813 38,203 vest one year from the date of grant and 123,712 155,846 vest in equal installments over a three-year period beginning one year from the date of grant. The Company also issued 34,724 43,672 performance-based restricted stock units to its executive officers with a total grant date fair value of $499,000. $581,000. Vesting of the performance-based restricted stock units will be based on achievement of certain levels of Core Return on Average Assets and will cliff-vest cliff vest after a three-year measurement period ended January 27, 2026 ending January 26, 2027. At the end of the performance period, the number of actual shares to be awarded may vary between 0% and 120% 225% of target amounts.

The following is a summary of the status of the Company’s restricted stock awards and performance-based restricted stock units at September 30, 2023 March 31, 2024, and changes therein during the nine three months then ended.

		Number of Shares Awarded	Weighted Average Grant Date Fair Value	Number of Shares Awarded	Weighted Average Grant Date Fair Value
Non-vested at December 31, 2022		321,501	$ 14.66		
Non-vested at December 31, 2023					
Granted	Granted	192,249	14.37		

Incremental performance-based restricted stock units earned	10,353	—
Vested		
Vested		
Vested Vested	(124,586)	13.96
Forfeited Forfeited	(37,123)	14.33
Non-vested at September 30, 2023	362,394	14.36
Non-vested at March 31, 2024		

Expected future stock award expense related to the non-vested restricted share awards and performance-based restricted stock units as of September 30, 2023 March 31, 2024, was $3.7 million $5.3 million over a weighted average period of 1.9 2.1 years.

During the three months ended September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023, the Company recorded $577,000 $620,000 and $456,000, respectively, of stock-based compensation related to the above plan. During the nine months ended September 30, 2023 and September 30, 2022, the Company recorded $1.8 million and $1.3 million, $718,000, respectively, of stock-based compensation related to the above plan.

Note 10 – Fair Value Measurements

The following tables present the assets reported on the consolidated balance sheets at their estimated fair value as of September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023, by level within the fair value hierarchy as required by the Fair Value Measurements and Disclosures Topic of the FASB ASC. Financial assets and liabilities are classified in their entirety based on the level of input that is significant to the fair value measurement. The fair value hierarchy is as follows:

- Level 1 Inputs – Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

NORTHFIELD BANCORP, INC.
Notes to Unaudited Consolidated Financial Statements - (Continued)

- Level 2 Inputs – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (for example, interest rates, volatilities, prepayment speeds, loss severities, credit risks and default rates) or inputs that are derived principally from or corroborated by observable market data by correlations or other means.

- Level 3 Inputs – Significant unobservable inputs that reflect the Company's own assumptions that market participants would use in pricing the assets or liabilities.

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The methods of determining the fair value of assets and liabilities presented in this note are consistent with our methodologies disclosed in Note 17 16 to the Consolidated Financial Statements of the Company's 2022 Annual Report on Form 10-K.

		Fair Value Measurements at September 30, 2023 Using:		
	Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(in thousands)			
Measured on a recurring basis: Measured on a recurring basis:				
Measured on a recurring basis:				
Measured on a recurring basis:				
Assets:				

Assets:					
Assets:	Assets:				
Investment securities:	Investment securities:				
Investment securities:					
Investment securities:					
Debt securities available-for-sale:	Debt securities available-for-sale:				
Debt securities available-for-sale:					
Debt securities available-for-sale:					
U.S. Treasuries					
U.S. Treasuries					
U.S. Treasuries					
U.S. Government agency					
U.S. Government agency					
U.S. Government agency	U.S. Government agency	$ 72,309	$ —	$ 72,309	$ —
Mortgage-backed securities:	Mortgage-backed securities:				
Mortgage-backed securities:					
Mortgage-backed securities:					
Pass-through certificates:					
Pass-through certificates:					
Pass-through certificates:	Pass-through certificates:				
GSE	GSE	347,044	—	347,044	—
GSE					
GSE					
REMICs:					
REMICs:					
REMICs:	REMICs:				
GSE	GSE	221,560	—	221,560	—
GSE					
GSE					
Total mortgage-backed securities					
		568,604	—	568,604	—
Total mortgage-backed securities					
Total mortgage-backed securities					
Other debt securities:					
Other debt securities:					
Other debt securities:	Other debt securities:				
Municipal bonds	Municipal bonds	763	—	763	—
Municipal bonds					
Municipal bonds					
Corporate bonds					
Corporate bonds					
Corporate bonds	Corporate bonds	102,023	—	102,023	—
		111,712			
		102,786	—	102,786	—
		111,712			
		111,712			
Total debt securities available-for-sale					

Total debt securities available-for-sale					
Total debt securities available-for-sale	Total debt securities available-for-sale	743,699	—	743,699	—
Trading securities	Trading securities	11,504	11,504	—	—
Trading securities					
Trading securities					
Equity securities (1)					
Equity securities (1)					
Equity securities (1)	Equity securities (1)	348	348	—	—
Total	Total	$ 755,551	$ 11,852	$ 743,699	$ —
Total					
Total					
Measured on a non-recurring basis:					
Measured on a non-recurring basis:					
Measured on a non-recurring basis:	Measured on a non-recurring basis:				
Assets:	Assets:				
Assets:					
Assets:					
Loans individually evaluated for impairment:					
Loans individually evaluated for impairment:					
Loans individually evaluated for impairment:	Loans individually evaluated for impairment:				
Real estate loans:	Real estate loans:				
Real estate loans:					
Real estate loans:					
Commercial real estate					
Commercial real estate					
Commercial real estate	Commercial real estate	$ 2,376	$ —	$ —	$ 2,376
Multifamily	Multifamily	1,917	—	—	1,917
Multifamily					
Multifamily					
Home equity and lines of credit					
Home equity and lines of credit					
Home equity and lines of credit	Home equity and lines of credit	21	—	—	21
Total individually evaluated real estate loans	Total individually evaluated real estate loans	4,314	—	—	4,314
Total individually evaluated real estate loans					
Total individually evaluated real estate loans					
Commercial and industrial loans					
Commercial and industrial loans					
Commercial and industrial loans	Commercial and industrial loans	60	—	—	60
Total	Total	$ 4,374	$ —	$ —	$ 4,374
Total					

Total

(1) Excludes investment measured at net asset value of $10.3 $10.0 million at September 30, 2023 March 31, 2024, which has not been classified in the fair value hierarchy.

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Notes to Unaudited Consolidated Financial Statements - (Continued)

		Fair Value Measurements at December 31, 2022 Using:					Fair Value Measurements at December 31, 2023 Using:			
		Carrying Value	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**		**Carrying Value**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
		(in thousands)					(in thousands)			
Measured on a recurring basis:	Measured on a recurring basis:					Measured on a recurring basis:				
Assets:	Assets:					Assets:				
Investment securities:	Investment securities:					Investment securities:				
Debt securities available-for-sale:	Debt securities available-for-sale:					Debt securities available-for-sale:				
U.S. Treasuries										
U.S. Government agency securities	U.S. Government agency securities	$ 72,076	$ —	$ 72,076	$ —					
Mortgage-backed securities:	Mortgage-backed securities:					Mortgage-backed securities:				
Pass-through certificates:	Pass-through certificates:									
GSE	GSE	432,618	—	432,618	—					
GSE										
GSE										
REMICs:	REMICs:									
GSE	GSE	264,724	—	264,724	—					
GSE										
GSE										
		697,342	—	697,342	—					
Total mortgage-backed securities										
Total mortgage-backed securities										
Total mortgage-backed securities										
Other debt securities:	Other debt securities:					Other debt securities:				

Municipal bonds	Municipal bonds	21	—	21	—	
Municipal bonds						
Municipal bonds						
Corporate bonds	Corporate bonds	182,734	—	182,734	—	
		182,755	—	182,755	—	
		126,537				
		126,537				
		126,537				
Total debt securities available-for-sale	Total debt securities available-for-sale	952,173	—	952,173	—	
Trading securities	Trading securities	10,751	10,751	—	—	
Equity securities (1)	Equity securities (1)	361	361	—	—	
Total	Total	$963,285	$11,112	$ 952,173	$ —	
Measured on a non-recurring basis:	Measured on a non-recurring basis:					Measured on a non-recurring basis:
Assets:	Assets:					Assets:
Loans individually evaluated for impairment:	Loans individually evaluated for impairment:					Loans individually evaluated for impairment:
Real estate loans:	Real estate loans:					Real estate loans:
Commercial real estate	Commercial real estate	$ 2,631	$ —	$ —	$ 2,631	
Multifamily	Multifamily	1,923	—	—	1,923	
Multifamily						
Multifamily						
Home equity and lines of credit	Home equity and lines of credit	24	—	—	24	
Total impaired real estate loans	Total impaired real estate loans	4,578	—	—	4,578	
Commercial and industrial loans	Commercial and industrial loans	62	—	—	62	
Total	Total	$ 4,640	$ —	$ —	$ 4,640	
Total						
Total						

(1) Excludes investment measured at net asset value of $10.1 $10.3 million at December 31, 2022, 2023, which has not been classified in the fair value hierarchy.

The following table presents qualitative information for Level 3 assets measured at fair value on a non-recurring basis at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 (dollars in thousands):

	Fair Value		Valuation Methodology	Unobservable Inputs	Range of Inputs	
	September 30, 2023	December 31, 2022			September 30, 2023	December 31, 2022
Individually evaluated loans	$ 4,374	$ 4,640	Appraisals	Discount for costs to sell	7.0%	7.0%

				Discount for quick sale	10.0%	10.0%
			Discounted cash flows	Interest rates	4.88% to 7.50%	4.88% to 7.50%

	Fair Value		Valuation Methodology	Unobservable Inputs	Range of Inputs	
	March 31, 2024	December 31, 2023			March 31, 2024	December 31, 2023
Individually evaluated loans	$ 4,180	$ 4,277	Appraisals	Discount for costs to sell	7.0%	7.0%
				Discount for quick sale	10.0%	10.0%
			Discounted cash flows	Interest rates	4.88% to 7.50%	4.88% to 7.50%

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Notes to Unaudited Consolidated Financial Statements - (Continued)

The valuation techniques described below were used to measure fair value of financial instruments in the tables below on a recurring basis and a non-recurring basis at September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023.

Debt Securities Available for Sale: The estimated fair values for mortgage-backed securities, corporate, and other debt securities are obtained from an independent nationally recognized third-party pricing service. The estimated fair values are derived primarily from cash flow models, which include assumptions for interest rates, credit losses, and prepayment speeds. Broker/dealer quotes are utilized as well, when such quotes are available and deemed representative of the market. The significant inputs utilized in the cash flow models are based on market data obtained from sources independent of the Company (Observable Inputs), and are therefore classified as Level 2 within the fair value hierarchy. There were no transfers of securities between Level 1 and Level 2 during the nine three months ended September 30, 2023 March 31, 2024 or September 30, 2022 March 31, 2023.

Trading Securities: Fair values are derived from quoted market prices in active markets. The assets consist of publicly traded mutual funds.

Equity Securities: Fair values of equity securities consisting of publicly traded mutual funds are derived from quoted market prices in active markets.

Loans Individually Evaluated for Impairment: At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company had loans individually evaluated for impairment (excluding PCD loans) with outstanding principal balances of $6.1 million $5.9 million and $6.7 million $6.0 million, respectively, which were recorded at their estimated fair value of $4.4 million $4.2 million and $4.6 million $4.3 million, respectively. The Company recorded a net increases decrease in the specific reserve for impaired loans of $7,100 $900 and $15,400 a net increase of $7,000 for the nine three months ended September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023, respectively. Net charge-offs of $5.2 million $911,000 and $345,000 $2.0 million were recorded for the nine three months ended September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023, respectively, utilizing Level 3 inputs. For purposes of estimating the fair value of impaired loans, management utilizes independent appraisals, if the loan is collateral-dependent, adjusted downward by management, as necessary, for changes in relevant valuation factors subsequent to the appraisal date, or the present value of expected future cash flows for non-collateral dependent loans and TDRs.

Other Real Estate Owned: At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company had no assets acquired through foreclosure.

In addition, the Company may be required, from time to time, to measure the fair value of certain other financial assets on a nonrecurring basis in accordance with U.S. GAAP. The adjustments to fair value usually result from the application of lower-of-cost-or-market accounting or write downs of individual assets.

Fair Value of Financial Instruments:

The FASB ASC Topic for Financial Instruments requires disclosure of the fair value of financial assets and financial liabilities, including those financial assets and financial liabilities that are not measured and reported at fair value on a recurring or non-recurring basis. The methodologies for estimating the fair value of financial assets and financial liabilities that are measured at fair value on a recurring or non-recurring basis are discussed above. The following methods and assumptions were used to estimate the fair value of other financial assets and financial liabilities not already discussed above:

(a) Cash and Cash Equivalents

Cash and cash equivalents are short-term in nature with original maturities of three months or less; the carrying amount approximates fair value. Certificates of deposit having original terms of six-months or less; the carrying value generally approximates fair value. Certificates of deposit with an original maturity of six months or greater; the fair value is derived from discounted cash flows.

(b) Debt Securities (Held-to-Maturity)

The estimated fair values for substantially all of our securities are obtained from an independent nationally recognized pricing service. The independent pricing service utilizes market prices of same or similar securities whenever such prices are available. Prices involving distressed sellers are not utilized in determining fair value. Where necessary, the independent third-party pricing service estimates fair value using models employing techniques such as discounted cash flow analysis. The assumptions used in these models typically include assumptions for interest rates, credit losses, and prepayments, utilizing market observable data where available.

(c) Investments in Equity Securities at Net Asset Value Per Share

The Company uses net asset value as a practical expedient to record its investment in a private SBA Loan Fund since the shares in the fund are not publicly traded, do not have a readily determinable fair value and the net asset value per share is calculated in a manner consistent with the measurement principles of an investment company.

(d) Federal Home Loan Bank of New York Stock

Federal Home Loan Bank of New York ("FHLBNY") stock is carried at cost, which approximates fair value, since this is the amount for which it could be redeemed and there is no active market for this stock.

(e) Loans (Held-for-Investment)

Fair values are estimated for portfolios of loans with similar financial characteristics. Loans are segregated by type such as originated and purchased, and further segregated by residential mortgage, construction, land, multifamily, commercial and consumer. Each loan category is further segmented into amortizing and non-amortizing and fixed and adjustable rate adjustable-rate interest terms and by performing and non-performing categories. The fair value of loans is estimated using a discounted cash flow analysis. The discount rates used to determine fair value use interest rate spreads that reflect factors such as liquidity, credit, and non-performance risk of the loans.

(f) Loans (Held-for-Sale)

Held-for-sale loans are carried at the lower of aggregate cost or estimated fair value, less costs to sell, and therefore fair value is equal to carrying value.

(g) Deposits

The fair value of deposits with no stated maturity, such as interest and non-interest bearing demand deposits, savings, NOW and money market accounts, is equal to the amount payable on demand. The fair value of certificates of deposit is based on the discounted value of contractual cash flows. The discount rate is estimated using the rates currently offered for deposits of similar remaining maturities.

(h) Commitments to Extend Credit and Standby Letters of Credit

The fair value of commitments to extend credit and standby letters of credit is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed-rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates. The fair value of off-balance sheet commitments is insignificant and therefore not included in the following table.

(i) Borrowings

The fair value of borrowed funds is estimated by discounting future cash flows based on rates currently available for debt with similar terms and remaining maturity.

(j) Advance Payments by Borrowers for Taxes and Insurance

Advance payments by borrowers for taxes and insurance have no stated maturity; the fair value is equal to the amount currently payable.

(k) Derivatives

The fair value of the Company's derivatives is determined using discounted cash flow analysis using observable market-based inputs, which are considered Level 2 inputs.

The estimated fair values of the Company's significant financial instruments at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, are presented in the following tables (in thousands):

		September 30, 2023						March 31, 2024				
			Estimated Fair Value						Estimated Fair Value			
		Carrying Value	Level 1	Level 2	Level 3	Total		Carrying Value	Level 1	Level 2	Level 3	Total
Financial assets:	Financial assets:						Financial assets:					

	Carrying Value	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 80,556	$ 80,556	$ —	$ —	$ 80,556
Trading securities	11,504	11,504	—	—	11,504
Debt securities available-for-sale	743,699	—	743,699	—	743,699
Debt securities held-to-maturity	10,114	—	9,371	—	9,371
Equity securities (1)	348	348	—	—	348
FHLBNY stock, at cost	41,165	—	41,165	—	41,165
Loans held-for-sale	950	—	—	950	950
Net loans held-for-investment					
Net loans held-for-investment	4,191,494	—	—	3,942,539	3,942,539
Derivative assets	6,515	—	6,515	—	6,515
Financial liabilities:					
Deposits	$3,668,513	$ —	$3,669,988	$ —	$3,669,988
FHLB advances and other borrowings (including securities sold under agreements to repurchase)	918,973	—	850,551	—	850,551
Subordinated debentures, net of issuance costs	61,163	—	45,196	—	45,196
Advance payments by borrowers for taxes and insurance	25,968	—	25,968	—	25,968
Derivative liabilities	6,516	—	6,516	—	6,516

(1)Excludes investment measured at net asset value of $10.0 million at March 31, 2024, which has not been classified in the fair value hierarchy.

	December 31, 2023				
		Estimated Fair Value			
	Carrying Value	Level 1	Level 2	Level 3	Total

	Carrying Value	Level 1	Level 2	Level 3	Total
Financial assets:					
Cash and cash equivalents	$ 229,506	$ 229,506	$ —	$ —	$ 229,506
Trading securities	12,549	12,549	—	—	12,549
Debt securities available-for-sale	795,464	44,379	751,085	—	795,464
Debt securities held-to-maturity	9,866	—	9,586	—	9,586
Equity securities (1)	330	330	—	—	330
FHLBNY stock, at cost	39,667	—	39,667	—	39,667
Net loans held-for-investment	4,166,119	—	—	3,887,033	3,887,033
Derivative assets	4,903	—	4,903	—	4,903
Financial liabilities:					
Deposits	$ 3,878,435	$ —	$ 3,879,286	$ —	$ 3,879,286
FHLB advances and other borrowings (including securities sold under agreements to repurchase)	859,272	—	844,766	—	844,766
Subordinated debentures, net of issuance costs	61,219		45,531		45,531
Advance payments by borrowers for taxes and insurance	25,102	—	25,102	—	25,102
Derivative liabilities	4,905	—	4,905	—	4,905

(1) Excludes investment measured at net asset value of $10.3 million at September 30, 2023, which has not been classified in the fair value hierarchy.

	December 31, 2022				
		Estimated Fair Value			
	Carrying Value	Level 1	Level 2	Level 3	Total
Financial assets:					
Cash and cash equivalents	$ 45,799	$ 45,799	$ —	$ —	$ 45,799
Trading securities	10,751	10,751	—	—	10,751
Debt securities available-for-sale	952,173	—	952,173	—	952,173
Debt securities held-to-maturity	10,760	—	10,389	—	10,389
Equity securities (1)	361	361	—	—	361
FHLBNY stock, at cost	30,382	—	30,382	—	30,382
Net loans held-for-investment	4,201,076	—	—	4,016,849	4,016,849
Derivative assets	5,321	—	5,321	—	5,321
Financial liabilities:					
Deposits	$ 4,150,219	$ —	$ 4,148,938	$ —	$ 4,148,938
FHLB advances and other borrowings (including securities sold under agreements to repurchase)	583,859	—	564,588	—	564,588
Subordinated debentures, net of issuance costs	60,996		54,393		54,393
Advance payments by borrowers for taxes and insurance	25,995	—	25,995	—	25,995
Derivative liabilities	5,321	—	5,321	—	5,321

(1)Excludes investment measured at net asset value of $10.1 million at December 31, 2022 December 31, 2023, which has not been classified in the fair value hierarchy.

Limitations

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Company’s entire holdings of a particular financial instrument. Because no market exists for a significant portion of the Company’s financial instruments, fair value estimates are based on judgments regarding future expected losses, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Fair value estimates are based on existing on-and off-balance sheet financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. In addition, the tax ramifications related to the realization of the unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in the estimates.

Note 11 – Earnings Per Share

Basic earnings per share is computed by dividing net income available to common stockholders by the weighted average number of shares outstanding during the period. For purposes of calculating basic earnings per share, weighted average common shares outstanding excludes unallocated employee stock ownership plan (“ESOP”) shares that have not been committed for release and unvested restricted stock and performance-based restricted stock units.

Diluted earnings per share is computed using the same method as basic earnings per share, but reflects the potential dilution that could occur if stock options were exercised and converted into common stock and unvested shares of restricted stock and performance-based restricted stock units vested. These potentially dilutive shares are then included in the weighted average number of shares outstanding for the period using the treasury stock method. When applying the treasury stock method, we added the assumed proceeds from option exercises and the average unamortized compensation costs related to unvested shares of restricted stock, performance-based restricted stock units and stock options. We options were added. This sum was then divided this sum by our the average stock price for the period to calculate assumed shares repurchased. The excess of the number of shares issuable over the number of shares assumed to be repurchased is added to basic weighted average common shares to calculate diluted earnings per share.

The following is a summary of the Company’s earnings per share calculations and reconciliation of basic to diluted earnings per share for the periods indicated (in thousands, except per share data):

		Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
		2023	2022	2023	2022	2024	2023
Net income available to common stockholders	Net income available to common stockholders	$ 8,181	$ 16,979	$ 29,447	$ 46,980		
Weighted average shares outstanding-basic	Weighted average shares outstanding-basic	42,866,246	46,047,104	43,848,873	46,486,086		
Weighted average shares outstanding-basic							
Weighted average shares outstanding-basic							
Effect of non-vested restricted stock and stock, performance-based restricted stock units and options outstanding	Effect of non-vested restricted stock and stock, performance-based restricted stock units and options outstanding	51,928	189,557	78,477	170,997		
Weighted average shares outstanding-diluted	Weighted average shares outstanding-diluted	42,918,174	46,236,661	43,927,350	46,657,083		
Earnings per share-basic	Earnings per share-basic	$ 0.19	$ 0.37	$ 0.67	$ 1.01		
Earnings per share-diluted	Earnings per share-diluted	$ 0.19	$ 0.37	$ 0.67	$ 1.01		
Anti-dilutive shares	Anti-dilutive shares	1,707,261	738,103	1,492,290	978,187		

Note 12 – Leases

The Company’s leases primarily relate to real estate property for branches and office space with terms extending from two months up to 31.8 31.3 years. At September 30, 2023 March 31, 2024, all of the Company’s leases are classified as operating leases, which are required to be recognized on the consolidated balance sheets as a right-of-use asset and a corresponding lease liability.

The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use assets and operating lease liabilities on the consolidated balance sheets. Right-of-use assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recorded at the present value of lease payments over the lease term. As the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate, at lease inception, over a similar term in determining the present value of lease payments. Certain leases include options to renew, with one or more renewal terms ranging from five to ten years. If the exercise of a renewal option is considered to be reasonably certain, the Company includes the extended term in the calculation of the right-of-use asset and lease liability.

At September 30, 2023 March 31, 2024, the Company’s operating lease right-of-use assets and operating lease liabilities included on the consolidated balance sheet were $31.4 $30.1 million and $36.5 $34.9 million, respectively. At December 31, 2022 December 31, 2023, the Company’s operating lease right-of-use assets and operating lease liabilities included on the consolidated balance sheet were $34.3 million $30.2 million and $39.8 million $35.2 million, respectively. Operating lease expense is recognized on a straight-line basis over the lease term, while variable lease payments are recognized as incurred. Variable lease payments include common area maintenance charges, real estate taxes, repairs and maintenance costs and utilities. Operating and variable lease expenses are recorded in occupancy expense on the consolidated statements of comprehensive income.

Supplemental lease information at or for the three and nine months ended September 30, 2023 March 31, 2024, and September 30, 2022 March 31, 2023 is as follows (dollars in thousands):

		Three Months Ended March 31, Three Months Ended March 31, Three Months Ended March 31,			
	2024			2024	2023

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
Operating lease cost					
Operating lease cost					
Operating lease cost	Operating lease cost	$ 1,471	$ 1,499	$ 4,482	$ 4,489
Variable lease cost	Variable lease cost	1,067	964	2,909	2,792
Net lease cost					
Net lease cost					
Net lease cost	Net lease cost	$ 2,538	$ 2,463	$ 7,391	$ 7,281
Cash paid for amounts included in measurement of operating lease liabilities	Cash paid for amounts included in measurement of operating lease liabilities	$ 1,632	$ 1,590	$ 4,853	$ 4,751

Right-of-use assets obtained in exchange for new operating lease liabilities	Right-of-use assets obtained in exchange for new operating lease liabilities	$ 582	$ —	$ 645	$ 4,983			
Weighted average remaining lease term	Weighted average remaining lease term			11.10 years	11.29 years	Weighted average remaining lease term	10.90 years	11.12 years
Weighted average discount rate	Weighted average discount rate			3.59 %	3.53 %	Weighted average discount rate	3.63 %	3.55 %

The following table summarizes lease payment obligations for each of the next five years and thereafter in addition to a reconcilement to the Company's current lease liability (in thousands):

Year	Amount
2023	$ 1,635
2024	6,133
2025	5,792
2026	5,029
2027	4,068
Thereafter	23,146
Total lease payments	45,803
Less: imputed interest	(9,268)
Present value of lease liabilities	$ 36,535

During the nine months ended September 30, 2023, the Company entered into a new lease for commercial banking space in Elizabeth, New Jersey. The lease has an initial term of 10 years ending December 15, 2033 and undiscounted cash payments of approximately $850,000 in total.

Subsequent to the quarter end, the Company gave notice of its intent to exercise a five-year option on its Linden branch lease commencing March 1, 2024 through February 28, 2029. During the five year renewal term, the rent will be fixed at $19,657 per month for the entire five years totaling approximately $1.2 million.

Year	Amount
2024	$ 4,707
2025	6,028
2026	5,265
2027	4,304
2028	4,038
Thereafter	19,383
Total lease payments	43,725
Less: imputed interest	(8,783)
Present value of lease liabilities	$ 34,942

As of September 30, 2023 March 31, 2024, the Company had not entered into any leases that have not yet commenced.

Note 13 – Derivatives

The Company has interest rate derivatives resulting from a service provided to certain qualified borrowers in a loan-related transaction and, therefore, are not used to manage interest rate risk in the Company’s assets or liabilities. The interest rate swap agreement which the Company executed with the commercial borrower is collateralized by the borrower’s commercial real estate financed by the Company. The collateral exceeds the maximum potential amount of future payments under the credit derivative. As these interest rate swaps do not meet the hedge accounting requirements, changes in the fair value of both the customer swaps and the offsetting swaps are recognized directly in earnings.

At September 30, 2023 March 31, 2024, the Company had nine ten interest rate swaps with a notional amount of $64.0 $72.0 million. At December 31, 2022 December 31, 2023, the Company had seven ten interest rate swaps with a notional amount of $37.0 $72.7 million. The Company recorded fee income related to these swaps of $20,000 and $251,000 for the three and nine months ended September 30, 2023, respectively. There was no fee income related to these swaps for the three and nine months ended September 30, 2022 March 31, 2024. The Company recorded fee income related to these swaps of $231,000 for the three months ended March 31, 2023.

The table below presents the fair value of the derivatives as well as their location on the consolidated balance sheets (in thousands):

		Fair Value				
		Fair Value				Fair Value
Balance Sheet Location	Balance Sheet Location	September 30, 2023	December 31, 2022	Balance Sheet Location	March 31, 2024	December 31, 2023
Other assets	Other assets	$ 6,515	$ 5,321			
Other liabilities	Other liabilities	6,516	5,321			

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary Statement Regarding Forward-Looking Statements

This Quarterly Report contains certain "forward-looking statements," which can be identified by the use of such words as "estimate," "project," "believe," "intend," "anticipate," "plan," "seek," "expect," "annualized," "could," "may," "should," "will," and words of similar meaning. These forward-looking statements include, but are not limited to:

- statements of our goals, intentions, and expectations;
- statements regarding our business plans, prospects, growth and operating strategies;
- statements regarding the quality of our loan and investment portfolios; and
- estimates of our risks and future costs and benefits.

These forward-looking statements are based on current beliefs and expectations of our management and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change.

The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements:

- general economic conditions, internationally, nationally, or in our market areas, including inflationary and/or recessionary pressures, supply chain disruptions, employment prospects, real estate values, and military conflict, geopolitical risks, that are worse than expected; and downgrades of the U.S. credit rating;
- competition among depository and other financial institutions, including with respect to reduction of overdraft fees and other fees; interest rates;
- inflation and changes in the interest rate environment that reduce our margins and yields, or reduce the market value of our assets including the fair value of financial instruments;
- adverse changes in the securities or credit markets;
- changes in laws, tax policies, or government regulations or policies affecting financial institutions, changes in regulatory fees, assessments, and capital requirements;
- changes in the quality and/or composition of our loan and securities portfolios; portfolios, changes in prepayment speeds, and changes in our allowance for credit losses;
- our ability to manage our liquidity, including unanticipated changes in our liquidity position, but not limited to, changes in our access to or the size cost of funding and composition of our deposit portfolio, including the percentage of uninsured deposits in the portfolio; ability to secure alternate funding sources;
- our ability to enter new markets successfully and capitalize on growth opportunities;
- our ability to access and/or retain cost-effective funding;
- our ability to successfully integrate acquired entities;
- changes in consumer demand, spending, borrowing and savings habits;
- changes in accounting policies and practices, as may be adopted by the bank regulatory agencies, the Financial Accounting Standards Board (the "FASB"), the Securities and Exchange Commission (the "SEC"), or the Public Company Accounting Oversight Board;
- cyber-attacks, computer viruses and other technological risks that may breach the security of our website or other systems to obtain unauthorized access to confidential information and destroy data or disable our systems;
- technological changes that may be more difficult or expensive to implement than expected;
- changes in our organization, compensation, and benefit plans;
- our ability to attract and/or retain key employees;
- changes in the value of our goodwill or other intangible assets;
- the current or anticipated impact of military conflict, terrorism or other geopolitical events;
- changes in the level of government support for housing finance;

- changes in monetary or fiscal policies of the U.S. Government, including policies of the U.S. Treasury and the Federal Reserve Board;
- the ability of third-party providers to perform their obligations to us;
- the effects of any U.S. Government shutdowns;
- the effects of natural disasters, climate change, extreme weather events and increases in flood insurance premiums;
- changes in our ability to continue to pay dividends, either at current rates or at all;
- operational or risk management failures by us or critical third parties;
- increased operational risks resulting from remote work;
- negative outcomes from claims or litigation;
- our ability to manage our reputation risks;
- our ability to timely and effectively implement our strategic initiatives;

- the disruption to local, regional, national and global economic activity caused by infectious disease outbreaks such as COVID-19, and the significant impact that such pandemics may have on our growth, operations, earnings and asset quality;
- significant increases in asset quality, prepayment speeds and/or our loan credit losses; and
- changes in the financial condition, results of operations, or future prospects of issuers of securities that we own.

Because of these and other uncertainties, our actual future results may be materially different from the results indicated by these forward-looking statements. Accordingly, you should not place undue reliance on such statements. Except as required by law, we disclaim any intention or obligation to update or revise any forward-looking statements after the date of this Quarterly Report on Form 10-Q, whether as a result of new information, future events or otherwise.

Critical Accounting Policies

Note 1 to the Company's Audited Consolidated Financial Statements for the year ended December 31, 2022 December 31, 2023, included in the Company's Annual Report on Form 10-K, as supplemented by this report, contains a summary of significant accounting policies. Various elements of these accounting policies, by their nature, are inherently subject to estimation techniques, valuation assumptions and other subjective assessments. Certain assets are carried in on the consolidated balance sheets at estimated fair value or the lower of cost or estimated fair value. Policies with respect to the methodologies used to determine the allowance for credit losses on loans and judgments regarding the valuation allowance against deferred tax assets are the most critical accounting policies because they are important to the presentation of the Company's financial condition and results of operations, involve a higher degree of complexity, and require management to make subjective judgments which often require assumptions or estimates about highly uncertain matters. The use of different judgments, assumptions, and estimates could result in material differences in the results of operations or financial condition. These critical accounting policies and their application are reviewed periodically and, at least annually, with the Audit Committee of the Board of Directors.

The accounting estimates relating to the allowance for credit losses remain "critical accounting estimates" for the following reasons:

- Changes in the provision for credit losses can materially affect our financial results;
- Estimates relating to the allowance for credit losses require us to utilize a reasonable and supportable forecast period based upon forward-looking economic scenarios in order to estimate probability of default and loss given default rates, which our Current Expected Credit Losses ("CECL") methodology encompasses;
- The allowance for credit losses is influenced by factors outside of our control such as industry and business trends, as well as economic conditions such as trends in housing prices, interest rates, gross domestic product, inflation, and unemployment; and
- Judgment is required to determine whether the models used to generate the allowance for credit losses produce an estimate that is sufficient to encompass the current view of lifetime expected credit losses.

Our estimation process is subject to risks and uncertainties, including a reliance on historical loss and trend information that may not be representative of current conditions and indicative of future performance. Changes in such estimates could significantly impact our allowance and provision for credit losses. Accordingly, our actual credit loss experience may not be in line with our expectations.

For a further discussion of the critical accounting policies of the Company, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

Overview

This overview highlights selected information and may not contain all the information that is important to you in understanding our performance during the periods presented. For a more complete understanding of trends, events, commitments, uncertainties, liquidity, capital resources, and critical accounting estimates, you should read this entire document carefully, as well as our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

Net income was $29.4 million $6.2 million for the nine three months ended September 30, 2023 March 31, 2024, as compared to $47.0 million $11.7 million for the nine three months ended September 30, 2022 March 31, 2023. Basic and diluted earnings per common share were $0.67 $0.15 for the nine three months ended September 30, 2023 March 31, 2024, compared to basic and diluted earnings per common share of $1.01 $0.26 for the nine three months ended September 30, 2022 March 31, 2023. For the nine three months ended September 30, 2023 March 31, 2024, our return on average assets was 0.71% 0.43%, as compared to 1.13% 0.84% for the nine three months ended September 30, 2022 March 31, 2023. For the nine three months ended September 30, 2023 March 31, 2024, our return on average stockholders' equity was 5.69% 3.59% as compared to 8.73% 6.82% for the nine three months ended September 30, 2022 March 31, 2023. Net earnings for the nine three months ended September 30, 2023 March 31, 2024, were down from the comparative prior year period primarily due to an increase in interest expense on deposits and borrowings, offset in part by an increase in interest income on loans. at December 31, 2022. interest-earning assets.

Total assets decreased increased by $164.2 million $253.2 million, or 2.9% 4.5%, to $5.44 billion $5.85 billion at September 30, 2023 March 31, 2024, from $5.60 billion at December 31, 2022 December 31, 2023. Total liabilities decreased $146.9 million increased $254.2 million, or 3.0% 5.2%, to $4.75 billion $5.15 billion at September 30, 2023 March 31, 2024, from $4.90 billion at December 31, 2022 December 31, 2023.

Recent Developments

Bank failures earlier in the year led to uncertainty and volatility in the financial services industry. In response to these events, the Company took a series of precautionary measures, which included expanding and optimizing its funding and contingency funding sources; enhanced monitoring of deposit and funding flows; evaluating supplemental liquidity and capital resources; and curtailing loan originations. Refer to the "Liquidity and Capital Resources" section for further information regarding liquidity.

Comparison of Financial Condition at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023

Total assets decreased increased by $164.2 million $253.2 million, or 2.9% 4.5%, to $5.44 billion $5.85 billion at September 30, 2023 March 31, 2024, from $5.60 billion at December 31, 2022 December 31, 2023. The decrease increase was primarily due to a decrease an increase in available-for-sale debt securities of $208.5 million $280.3 million, or 21.9% 35.2%, and loans receivable of $12.8 million, or 0.3%, partially offset by increases an increase in cash and cash equivalents of $34.8 million $9.3 million, or 75.9%, Federal Home Loan Bank of New York ("FHLBNY") stock of $10.8 million, or 35.5% 4.0%, and an increase in other assets of $8.0 million $2.4 million, or 14.8% 4.9%, partially offset by a decrease in loans receivable of $41.2 million.

Cash and cash equivalents increased by $34.8 million $9.3 million, or 75.9% 4.0%, to $80.6 million $238.8 million at September 30, 2023 March 31, 2024, from $45.8 million $229.5 million at December 31, 2022 December 31, 2023, primarily due to an increase in Federal Reserve Bank of New York ("FRB") balances driven by excess cash from borrowings and proceeds from the maturity and calls of available for sale securities. borrowings. Balances fluctuate based on the timing of receipt of security and loan repayments and the redeployment of cash into higher-yielding assets such as loans and securities, or the funding of deposit outflows or borrowing maturities. During 2023 and continuing into the first quarter of 2023, 2024, management believed it was prudent to increase balance sheet liquidity given general market volatility and uncertainty.

The Company's available-for-sale debt securities portfolio decreased increased by $208.5 million $280.3 million, or 21.9% 35.2%, to $743.7 million $1.08 billion at September 30, 2023 March 31, 2024, from $952.2 million $795.5 million at December 31, 2022 December 31, 2023. The decrease increase was primarily attributable to purchases of U.S Treasuries, mortgage-backed securities and corporate bonds, partially offset by paydowns, maturities calls and calls. maturities. At September 30, 2023 March 31, 2024, $568.6 million $716.0 million of the portfolio consisted of residential mortgage-backed securities issued or guaranteed by Fannie Mae, Freddie Mac, or Ginnie Mae. In addition, the Company held $72.3 million $174.3 million in U.S. Treasuries, $73.7 million in U.S. Government agency securities, $102.0 million $111.0 million in corporate bonds, substantially all of which were considered investment grade, and $763,000 $762,000 in municipal bonds at September 30, 2023 March 31, 2024. Unrealized losses, net of tax, on available-for-sale debt securities and held-to-maturity securities approximated $48.2 million $32.3 million and $535,000, $359,000, respectively, at September 30, 2023 March 31, 2024, and $48.6 million $32.5 million and $332,000, $279,000, respectively, at December 31, 2022 December 31, 2023. The effective duration of the securities portfolio at September 30, 2023 was 2.65 years.

Equity securities were $11.0 million at March 31, 2024 and $10.6 million at September 30, 2023 and $10.4 million at December 31, 2022 December 31, 2023. Equity securities are primarily comprised of an investment in a Small Business Administration Loan Fund. This investment is utilized by the Bank as part of its Community Reinvestment Act program.

As of September 30, 2023 March 31, 2024, non-owner occupied commercial real estate loans (as defined by regulatory guidance) to total risk-based capital was estimated at approximately 459% 446%. Management believes that Northfield Bank (the "Bank") has implemented appropriate risk management practices, including risk assessments, Board-approved board-approved underwriting policies and related procedures, which include monitoring Bank portfolio performance, performing market analysis (economic and real estate), and stressing of the Bank's commercial real estate portfolio under severe, adverse economic conditions. Although management believes the Bank has implemented appropriate policies and procedures to manage its commercial real estate concentration risk, the Bank's regulators could require it to implement additional policies and procedures or could require it to maintain higher levels of regulatory capital, which might adversely affect its loan originations, the Company's ability to pay dividends, and overall profitability.

Loans held-for-investment, net, decreased by $13.7 million $41.2 million, or 0.3% 1.0%, to $4.23 billion $4.16 billion at September 30, 2023 March 31, 2024 from $4.24 billion $4.20 billion at December 31, 2022 December 31, 2023, primarily due to a decrease decreases in multifamily and commercial real estate loans, partially offset by an increase in commercial and industrial loans. The overall decrease in loan balances reflects the Company remaining strategically focused on both managing the concentration of its commercial and multifamily real estate loans. The Company continues to focus on loan portfolios and disciplined loan pricing, as well as lower customer demand in the credit needs of its customers, and to a lesser extent, the development of new business, notwithstanding the uncertain economic current elevated interest rate environment. Multifamily loans decreased $42.4 million $35.1 million, or 1.3%, to $2.72 billion at March 31, 2024 from $2.75 billion at December 31, 2023, commercial real estate loans decreased $13.5 million, or 1.5%, to $2.78 billion $916.1 million at September 30, 2023 March 31, 2024 from $2.82 billion $929.6 million at December 31, 2022 December 31, 2023, one-to-four family residential loans decreased $9.4 $4.5 million, or 5.4% 2.8%, to $164.5 $156.3 million at September 30, 2023 March 31, 2024 from $173.9 $160.8 million at December 31, 2022 December 31, 2023, construction and land loans decreased $453,000, or 1.5%, to $30.5 million at March 31, 2024 from $31.0 million at December 31, 2023, and commercial and industrial other loans decreased $9.9 million, $944,000, or 6.4% 36.5%, to $144.8 million $1.6 million at September 30, 2023 March 31, 2024 from $154.7 million $2.6 million at December 31, 2022 December 31, 2023. Partially offsetting these decreases were increases was an increase in commercial real estate and industrial loans of $33.7 million, $13.3 million, or 3.8% 8.6%, to $933.0 million $168.6 million at September 30, 2023 March 31, 2024 from $899.2 million $155.3 million at December 31, 2022, home equity loans of $8.2 million, or 5.4%, to $160.8 million at September 30, 2023 from $152.6 million at December 31, 2022, and construction and land loans of $7.4 million, or 29.5%, to $32.3 million at September 30, 2023 from $24.9 million at December 31, 2022 December 31, 2023.

Our real estate portfolio includes credit risk exposure to loans collateralized by office buildings and multifamily properties in New York State subject to some form of rent regulation limiting rent increases for rent stabilized multifamily properties. At September 30, 2023 March 31, 2024, office-related loans represented $210.8 million $206.1 million, or approximately 5% of our total loan portfolio, with an average balance of $1.8 million (although we have originated these type of loans in amounts substantially greater than this average) and a weighted average loan-to-value ratio of 58%. Approximately 43% were owner-occupied. The geographic locations of the properties collateralizing our office-related loans are as follows: 54.3% in New York and 45.7% in New Jersey. At March 31, 2024, our largest office-related loan had a principal balance of $90.0 million (with a net active principal balance for the Bank of $30.0 million as we have a 33.3% participation interest), was secured by an office facility located in Staten Island, New York, and was performing in accordance with its original contractual terms. At March 31, 2024, multifamily loans that have some form of rent stabilization or rent control totaled approximately $444.4 million, or approximately 11% of our total loan portfolio, with an average balance of $1.7 million (although we have originated these type of loans in amounts substantially greater than this average) and a weighted average loan-to-value ratio of 58% 52%. Approximately 46% were owner-occupied. The geographic locations of the properties collateralizing our office-related loans are as follows: 53.6% in New York and 46.4% in New Jersey. At September 30, 2023 March 31, 2024, our largest office-related rent-regulated loan had a principal balance of $86.0 million (with a net active principal balance for the Bank of $28.7 million as we have a 33.3% participation interest) $17.1 million, was secured by an office facility apartment building located in Staten Island, New York, and was performing in accordance with its original contractual terms. Management continues to closely monitor its office and rent-regulated portfolios. For further details on our rent-regulated multifamily portfolio see “Asset Quality — Rent Regulated Multifamily Loans.”

PCD Purchased credit-deteriorated (“PCD”) loans totaled $10.4 million $10.0 million and $11.5 million $9.9 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, and the decrease was primarily due to one loan with a balance of approximately $950,000 transferred to loans held-for-sale at September 30, 2023. respectively. The majority of the remaining PCD loan balance consists of loans acquired as part of a Federal Deposit Insurance Corporation-assisted transaction. The Company accreted interest income of $325,000 and $1.0 million $426,000 attributable to PCD loans for the three and nine months ended September 30, 2023 March 31, 2024, respectively, as compared to $368,000 and $1.1 million $341,000 for the three and nine months ended September 30, 2022 March 31, 2023, respectively. PCD loans had an allowance for credit losses of approximately $3.1 million at September 30, 2023 March 31, 2024.

FHLBNY stock Total liabilities increased by $10.8 million $254.2 million, or 35.5% 5.2%, to $41.2 million $5.15 billion at September 30, 2023 March 31, 2024, from $30.4 million $4.90 billion at December 31, 2022. The increase in FHLBNY stock directly correlates with the increase in FHLB advances during the period.

Other assets increased $8.0 million, or 14.8%, to $62.5 million at September 30, 2023, from $54.4 million at December 31, 2022 December 31, 2023. The increase was primarily attributable to an increase increases in net deferred tax assets, receivables from taxing authorities, borrowings of $205.3 million, primarily FRB borrowings, and an increase in interest rate swaps.

Total liabilities decreased $146.9 million, or 3.0%, to $4.75 billion at September 30, 2023, from $4.90 billion at December 31, 2022. The decrease was primarily attributable to a decrease in total deposits of $481.7 million, partially offset by an increase in FHLB advances and other borrowings of $335.1 million $42.9 million. The Company routinely utilizes brokered deposits and borrowed funds to manage interest rate risk, the cost of interest bearing interest-bearing liabilities, and funding needs related to loan originations and deposit activity.

Deposits decreased $481.7 million increased $42.9 million, or 11.6% 1.1%, to $3.67 billion $3.92 billion at September 30, 2023 March 31, 2024, as compared to $4.15 billion $3.88 billion at December 31, 2022 December 31, 2023. Brokered deposits decreased by $390.0 million $1.3 million, or 100.0%, as we increased borrowings to pay off brokered deposits, as described below. 1.3%. Deposits, excluding brokered deposits, decreased $91.7 million increased $44.2 million, or 2.4% 1.2%. The decrease increase in deposits, excluding brokered deposits, was primarily attributable to decreases increases of $106.7 million $30.8 million in time deposits, $44.0 million in transaction accounts and $204.6 million $5.0 million in money market savings accounts. Transaction growth was attributable to dedicated business development efforts, including targeted marketing mailings, while growth in time deposits was attributable to the current interest rate environment and offering competitive interest rates to attract deposits. These decreases increases were partially offset by increases a decrease of $180.8 million $35.7 million in money market accounts as customers shifted balances into higher yielding time deposits and $38.8 million in savings deposit accounts. Estimated gross uninsured deposits (excluding at March 31, 2024 were $1.73 billion. This total includes fully collateralized uninsured governmental deposits and intercompany deposits of $661.1 million) were $890.4 million, leaving estimated net uninsured deposits of approximately $899.5 million $842.4 million, or 24.5% 21.5%, of total deposits. At December 31, 2023, estimated net uninsured deposits as totaled $869.9 million, or 22.4% of September 30, 2023. total deposits.

Borrowed funds increased to $980.1 million $1.13 billion at September 30, 2023 March 31, 2024, from $644.9 million $920.5 million at December 31, 2022 December 31, 2023. The increase in borrowings for the period was primarily due to an increase in FHLB and FRB borrowings of $335.1 million, including $114.5 million of borrowings $205.5 million under the Federal Reserve Bank Term Funding Program ("BTFP") which included favorable terms and conditions as compared to FHLB advances and brokered deposits. advances. Management utilizes borrowings to mitigate interest rate risk, for short-term liquidity, and to a lesser extent from time to time, as part of leverage strategies. During the nine months ended September 30, 2023, the Company increased borrowings to pay off higher-rate brokered certificates of deposit, and, to a lesser extent, fund deposit outflows of non-brokered deposits.

The following table sets forth term borrowing maturities (excluding overnight borrowings, floating rate advances, and subordinated debt) and the weighted average rate by year at September 30, 2023 March 31, 2024 (dollars in thousands):

Year	Year	Amount (1)	Weighted Average Rate	Year	Amount (1)		Weighted Average Rate
	2023	$20,000	4.38%				

2024	2024	195,265	3.96%	2024	$100,765		3.58%
2025	2025	182,500	2.59%	2025	482,500		3.99%
2026	2026	148,000	4.36%	2026	148,000		4.36%
2027	2027	173,000	3.19%	2027	173,000		3.19%
Thereafter		154,288	3.96%				
2028				2028	154,288		3.96%
		$873,053	3.60%				
		$1,058,553					
		$1,058,553					
		$1,058,553				3.87%	

(1) ((1) Borrowings maturing in 2023 and 2024 2025 include $20.0 million and $94.5 million, respectively, $300.0 million of FRB borrowings that can be repaid without any penalty.

Total stockholders' equity decreased by $17.3 million $1.0 million to $684.1 million $698.4 million at September 30, 2023 March 31, 2024, from $701.4 million $699.4 million at December 31, 2022 December 31, 2023. The decrease was attributable to $32.4 million $3.1 million in stock repurchases and $17.3 million $5.6 million in dividend payments, partially offset by net income of $29.4 million $6.2 million for the nine three months ended September 30, 2023 March 31, 2024, a $348,000 $743,000 increase in accumulated other comprehensive income associated with an increase in the estimated fair value of our debt securities available-for-sale portfolio, and a $2.6 million $700,000 increase in equity award activity. During the nine three months ended September 30, 2023 March 31, 2024, the Company repurchased approximately 2.6 million 252,631 of its common stock outstanding at an average price of $12.27 $12.17 for a total of $32.4 million $3.1 million pursuant to approved stock repurchase plans. As of September 30, 2023 March 31, 2024, the Company had no remaining capacity under its current repurchase program. On November 7, 2023, the The Board of Directors of the Company approved a new $7.5 million $5.0 million stock repurchase program and the Company anticipates conducting such repurchases beginning plan on November 10, 2023 April 24, 2024.

Comparison of Operating Results for the Nine Three Months Ended September 30, 2023 March 31, 2024 and 2022 2023

Net Income. Net income was $29.4 million $6.2 million and $47.0 million $11.7 million for the nine three months ended September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023, respectively. Significant variances from the comparable prior year period are as follows: a $23.2 million $7.0 million decrease in net interest income, a $2.2 million $449,000 decrease in the provision for credit losses on loans, a $3.5 million increase in non-interest income, a $7.2 million $1.2 million increase in non-interest expense, and a $7.2 million $2.2 million decrease in income tax expense.

Interest Income. Interest income increased $23.4 million $8.7 million, or 17.9% 17.5%, to $154.3 million $58.6 million for the nine three months ended September 30, 2023 March 31, 2024, from $130.9 million $49.9 million for the nine three months ended September 30, 2022 March 31, 2023, primarily due to a 58 51 basis point increase in yields yield on interest-earning assets due to the rising rate environment and a greater percentage of assets consisting of higher-yielding loans, coupled with an $8.2 million a $135.1 million, or 0.2% 2.5%, increase in the average balance of interest-earning assets. The increase was partially offset by lower loan prepayment income and lower fees recognized from Paycheck Protection Program ("PPP") loans. The increase in the average balance of interest-earning assets was primarily due to increases in the average balance of loans outstanding interest-earning deposits in financial institutions of $241.1 million $185.6 million and the average balance of FHLBNY stock other securities of $19.2 million $116.0 million, partially offset by decreases in the average balance of mortgage-backed securities loans of $186.9 million, the average balance of other securities of $41.7 million, $70.1 million and the average balance of interest-earning deposits in financial institutions mortgage-backed securities of $23.4 million $97.9 million. The Company accreted interest income related to PCD loans of $1.0 million $426,000 for the nine three months ended September 30, 2023 March 31, 2024, as compared to $1.1 million $341,000 for the nine three months ended September 30, 2022 March 31, 2023. Fees recognized from PPP loans totaled $30,000 for the nine months ended September 30, 2023, as compared to $1.3 million for the nine months ended September 30, 2022. Net interest Interest income for the nine three months ended September 30, 2023 March 31, 2024, included loan prepayment income of $1.3 million $351,000 as compared to $4.2 million $961,000 for the nine three months ended September 30, 2022 March 31, 2023.

Interest Expense. Interest expense increased $46.6 million $15.7 million, or 389.7% 104.7%, to $58.6 million $30.8 million for the nine three months ended September 30, 2023 March 31, 2024, as compared to $12.0 million $15.0 million for the nine three months ended September 30, 2022 March 31, 2023. The increase was primarily due to an increase in interest expense on deposits of $27.3 million $11.5 million, or 591.8% 146.4%, and an increase in interest expense on borrowings of $17.8 million $4.3 million, or 278.6%, and an increase in interest expense on subordinated debt of $1.5 million 66.8%. The increase in interest expense on deposits was attributable to a 124 148 basis point increase in the cost of interest-bearing deposits from 0.18% 1.01% to 1.42% 2.49% for the nine three months ended September 30, 2023 March 31, 2024, due to rising market interest rates and a shift in the composition of the deposit portfolio towards higher-costing certificates of deposit. The increase in interest expense on deposits was partially offset by a $402.1 million $29.8 million, or 11.8% 0.9%, decrease in the average balance of interest-bearing deposits. deposits due to a decrease in transaction accounts. The increase in interest expense on borrowings was attributable to a 145 47 basis point increase in the average cost of borrowings, and a $501.7 million $346.0 million, or 125.1% 45.3%, increase in the average borrowings outstanding. The increase in interest expense on subordinated debt was due to the issuance balance of $62.0 million in aggregate principal amount of fixed to floating subordinated notes in June 2022. borrowings.

Net Interest Income. Net interest income for the nine three months ended September 30, 2023 March 31, 2024, decreased $23.2 million $7.0 million, or 19.5% 20.1%, to $95.7 million $27.9 million, from $119.0 million $34.9 million for the nine three months ended September 30, 2022 March 31, 2023, primarily due to a 58 60 basis point decrease in net interest margin to 2.41% 2.03% from 2.99% 2.63% for the nine three months ended September 30, 2022 March 31, 2023. The decrease in net interest margin was primarily due to the cost of interest-bearing liabilities increasing repricing faster than the repricing of interest-earning assets. The cost of interest-bearing liabilities increased by 155 136 basis points to 1.97% 2.89% for the nine three months ended September 30, 2023 March 31, 2024, from 0.42% 1.53% for the nine three months ended September 30, 2022 March 31, 2023, driven primarily by both higher costs a 47 basis point increase in the cost of borrowings from 3.40% to 3.87% and a 148 basis point increase in the cost of interest-bearing deposits from 1.01% to 2.49% for the three months ended March 31, 2024, due to rising market interest rates, a shift in the composition of the deposit portfolio towards higher-costing certificates of deposit, and borrowed funds. a greater reliance on borrowings. The increase in the cost of interest-bearing liabilities was partially offset by an increase in the yield on interest-earning assets, which increased 58 51 basis points to 3.88% 4.27% for the nine three months ended September 30, 2023 March 31, 2024, from 3.30% 3.76% for the nine three months ended September 30, 2022 March 31, 2023, due to an increase in yields on all classes of interest-earning assets due to the rising higher interest rate environment and environment. The net interest margin was also negatively affected by approximately eight basis points for the three months ending March 31, 2024, due to a greater percentage of assets consisting of higher-yielding loans. $300 million low risk leverage strategy.

Provision for Credit Losses. The provision for credit losses on loans decreased by $2.2 million $449,000 to $1.1 million $415,000 for the nine three months ended September 30, 2023 March 31, 2024, compared to $3.3 million $864,000 for the nine three months ended September 30, 2022 March 31, 2023, primarily due to a decrease decline in loan balances, a decrease in reserves related to non-economic qualitative loss factors in the multifamily and commercial real estate portfolios, and a decrease in reserves related to the PCD portfolio, attributable to improved cash flows. The decreases were partially offset by a worsening macroeconomic outlook, higher lower net charge-offs and higher an improvement in the economic forecast for the current period within our Current Expected Credit Loss ("CECL") model. Partially offsetting the decrease was an increase in reserves for downgraded in the commercial and industrial loans. and home equity and lines of credit portfolios related to an increase in non-performing loans in these categories. Net charge-offs were $5.2 million $911,000 for the nine three months ended September 30, 2023 March 31, 2024, as compared to net charge-offs of $345,000 for the nine months ended September 30, 2022, primarily due to $5.2 million $894,000 in net charge-offs on small business unsecured commercial and industrial loans. loans, as compared to net charge-offs of $2.0 million for the three months ended March 31, 2023. Management continues to monitor the small business unsecured commercial and industrial loan portfolio, which totaled $39.1 million $35.6 million at September 30, 2023 March 31, 2024.

Non-interest Income. Non-interest income remained stable at $3.4 million for the three months ended March 31, 2024 as compared to $3.3 million for the three months ended March 31, 2023. Fees and service charges increased by $3.5 million, or 73.6%, $235,000, primarily due to $8.3 million for the nine months ended September 30, 2023, from $4.8 million for the nine months ended September 30, 2022, due primarily to a $3.5 million increase increases in mark to market gains overdraft fees. Gains on trading securities, net. net, increased by $187,000. Partially offsetting these increases was a decrease in other non-interest income of $466,000, primarily due to lower swap fee income. For the nine three months ended September 30, 2023 March 31, 2024, gains on trading securities were $723,000, $699,000, as compared to losses gains of $2.8 million $512,000 for the nine three months ended September 30, 2022 March 31, 2023. The trading portfolio is utilized to fund the Company's deferred compensation obligation to certain employees and directors of the Company's deferred compensation plan (the "Plan"). The participants of this Plan, at their election, defer a portion of their compensation. Gains and losses on trading securities have a minimal no effect on net income since participants benefit from, and bear the full risk of, changes in the trading securities market values. Therefore, the Company records an equal and offsetting amount in compensation expense, reflecting the change in the Company's obligations under the Plan.

Non-interest Expense. Non-interest expense increased $7.2 million $1.2 million, or 13.0% 5.7%, to $62.5 million $22.3 million for the nine three months ended September 30, 2023 March 31, 2024, compared to $55.3 million $21.1 million for the nine three months ended September 30, 2022 March 31, 2023. The increase was primarily due to a $4.6 million $1.7 million increase in employee compensation and benefits, primarily attributable to a $3.5 million higher salary expense, related to annual merit increases, an increase in medical expense and an increase in the mark to market expense of the Company's deferred compensation plan, expense, which as discussed above has no effect on net income, coupled with an income. Additionally, there was a $181,000 increase in equity award occupancy expense, related to awards issued in the first quarter of 2023, annual merit increases, and severance expense of $440,000, partially offset by a decrease in the accrual for incentive compensation. During the second quarter of 2023, due to economic conditions, the Company implemented a workforce reduction plan, which included modest layoffs and the elimination of, and/or not filling, certain open positions. The annual estimated cost savings of this plan is $1.4 million, pre-tax. Data processing expense increased by $986,000, due to continued investments in technology, increased transaction costs related to an increase in the number of customer accounts and related volume of transactions, and higher pricing effective January 2023. Advertising expense increased by $577,000 due to the timing of certain programs and new promotions on deposit products. FDIC insurance expense increased by $695,000 primarily due to higher assessment rates. There was an $870,000 decrease in credit loss expense/(benefit) for off-balance sheet credit exposures due to a benefit of $390,000 recorded during the nine months ended September 30, 2023, compared to a benefit of $1.3 million for the prior year period, attributed to a larger decrease in the pipeline of loans committed repair and awaiting closing in the prior year as compared to the current year. maintenance expense. Partially offsetting the increases was a $418,000 $162,000 decrease in professional fees, attributable and a $329,000 decrease in advertising expense due to higher recruitment, consulting and outsourcing fees in the prior year. timing of certain campaigns.

Income Tax Expense. The Company recorded income tax expense of $11.0 million $2.3 million for the nine three months ended September 30, 2023 March 31, 2024, compared to $18.2 million $4.5 million for the nine three months ended September 30, 2022 March 31, 2023, with the decrease due to lower taxable income. The effective tax rate for the nine three months ended September 30, 2023 March 31, 2024, was 27.2% 27.0% compared to 27.9% for the nine three months ended September 30, 2022 March 31, 2023. The Company expects that in the second quarter of 2024, options granted in 2014 will expire and this will result in additional tax expense of approximately $700,000 in the second quarter.

The following table sets forth average balances, average yields and costs, and certain other information for the periods indicated.

For the Nine Months Ended	For the Three Months Ended

		September 30, 2023			September 30, 2022				March 31, 2024					March 31,
		Average Outstanding Balance	Interest	Average Yield/ Rate (1)	Average Outstanding Balance	Interest	Average Yield/ Rate (1)		Average Outstanding Balance		Interest		Average Yield/ Rate (1)	Av Outstand
Interest-earning assets:	**Interest-earning assets:**							**Interest-earning assets:**						
Loans (2)	Loans (2)	$ 4,260,827	$135,220	4.24 %	$ 4,019,750	$118,030	3.93 %	Loans (2)	$4,174,668	$	$ 46,047	4.44	4.44 %	$
Mortgage-backed securities (3)	Mortgage-backed securities (3)	703,320	11,170	2.12	890,257	8,802	1.32							
Other securities (3)	Other securities (3)	241,280	3,593	1.99	283,017	2,885	1.36							
Federal Home Loan Bank of New York stock	Federal Home Loan Bank of New York stock	41,093	2,125	6.91	21,845	788	4.82							
Interest-earning deposits in financial institutions	Interest-earning deposits in financial institutions	72,683	2,225	4.09	96,122	423	0.59							
Total interest-earning assets	Total interest-earning assets	5,319,203	154,333	3.88	5,310,991	130,928	3.30							
Non-interest-earning assets	Non-interest-earning assets	244,319			267,581									
Total assets	Total assets	$ 5,563,522			$ 5,578,572									
Total assets														
Total assets														
Interest-bearing liabilities:	**Interest-bearing liabilities:**													
Interest-bearing liabilities:														
Interest-bearing liabilities:														
Savings, NOW, and money market accounts														
Savings, NOW, and money market accounts														
Savings, NOW, and money market accounts	Savings, NOW, and money market accounts	$ 2,443,400	19,194	1.05 %	$ 2,961,776	1,871	0.08 %	$2,464,297		12,331	12,331	2.01	2.01 %	$2,523,6
Certificates of deposit	Certificates of deposit	572,283	12,724	2.97	455,985	2,743	0.80							
Total interest-bearing deposits	Total interest-bearing deposits	3,015,683	31,918	1.42	3,417,761	4,614	0.18							
Borrowed funds	Borrowed funds	902,802	24,182	3.58	401,109	6,388	2.13							
Subordinated debt	Subordinated debt	61,164	2,484	5.43	23,828	961	5.39							

Total interest-bearing liabilities	Total interest-bearing liabilities	3,979,649	58,584	1.97	3,842,698	11,963	0.42		
Non-interest bearing deposits	Non-interest bearing deposits	788,991			913,322				
Accrued expenses and other liabilities	Accrued expenses and other liabilities	102,765			103,075				
Accrued expenses and other liabilities									
Accrued expenses and other liabilities									
Total liabilities									
Total liabilities									
Total liabilities	Total liabilities	4,871,405			4,859,095				
Stockholders' equity	Stockholders' equity	692,117			719,477				
Stockholders' equity									
Stockholders' equity									
Total liabilities and stockholders' equity									
Total liabilities and stockholders' equity									
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	$ 5,563,522			$ 5,578,572				
Net interest income	Net interest income		$ 95,749			$118,965			
Net interest income									
Net interest income									
Net interest rate spread (4)									
Net interest rate spread (4)									
Net interest rate spread (4)	Net interest rate spread (4)			1.91 %			2.88 %		1.38 %
Net interest-earning assets (5)	Net interest-earning assets (5)	$ 1,339,554			$ 1,468,293				
Net interest margin (6)	Net interest margin (6)			2.41 %			2.99 %		
Net interest margin (6)									
Net interest margin (6)									2.03 %
Average interest-earning assets to interest-bearing liabilities	Average interest-earning assets to interest-bearing liabilities			133.66 %			138.21 %	Average interest-earning assets to interest-bearing liabilities	128.66 %

(1) Average yields and rates are annualized.
(2) Includes non-accruing loans.
(3) Securities available-for-sale and other securities are reported at amortized cost.
(4) Net interest rate spread represents the difference between the weighted average yield on interest-earning assets and the weighted average cost of interest-bearing liabilities.

(5) Net interest-earning assets represent total interest-earning assets less total interest-bearing liabilities.
(6) Net interest margin represents net interest income divided by average total interest-earning assets.

Comparison of Operating Results for the Three Months Ended September 30, 2023 and 2022

Net Income. Net income was $8.2 million and $17.0 million for the quarters ended September 30, 2023 and September 30, 2022, respectively. Significant variances from the comparable prior year quarter are as follows: a $12.3 million decrease in net interest income, a $2.5 million decrease in the provision for credit losses on loans, a $165,000 decrease in non-interest income, a $2.7 million increase in non-interest expense, and a $3.9 million decrease in income tax expense.

Interest Income**.** Interest income increased $5.5 million, or 11.5%, to $52.7 million for the quarter ended September 30, 2023, from $47.3 million for the quarter September 30, 2022, primarily due to a 54 basis point increase in yields on interest-earning assets due to the rising rate environment and a greater percentage of assets consisting of higher-yielding loans, partially offset by a decrease in average interest-earning assets of $180.1 million, or 3.3%. The decrease in the average balance of interest-earning assets was due to decreases in the average balance of mortgage-backed securities of $173.2 million and the average balance of other securities of $85.4 million, partially offset by increases in the average balance of loans outstanding of $38.3 million, the average balance of FHLBNY stock of $18.6 million, and the average balance of interest-earning deposits in financial institutions of $21.6 million. Net interest income for the quarter ended September 30, 2023, included loan prepayment income of $183,000, as compared to $1.6 million for the quarter ended September 30, 2022. The Company accreted interest income related to PCD loans of $325,000 for the quarter ended September 30, 2023, as compared to $368,000 for quarter ended September 30, 2022.

Interest Expense**.** Interest expense increased $17.8 million, or 337.5%, to $23.0 million for the quarter ended September 30, 2023, from $5.3 million for the quarter ended September 30, 2022. The increase was attributed to an increase in interest expense on deposits of $11.5 million, or 541.9% and an increase in interest expense on borrowings of $6.3 million, or 273.0%. The increase in interest expense on deposits was primarily attributable to a 158 basis point increase in the cost of interest-bearing deposits to 1.82% for the quarter ended September 30, 2023, from 0.24% for the quarter ended September 30, 2022, due to rising market interest rates and a shift in the composition of the deposit portfolio towards higher-yielding certificates of deposit. The increase in interest expense on borrowings was primarily due to a 139 basis point increase in the cost of borrowings from 2.24% for the quarter ended September 30, 2022, to 3.63% for the quarter ended September 30, 2023. The increase in interest expense for the quarter was also driven by a $14.6 million, or 0.4%, increase in the average balance of interest-bearing liabilities, including an increase of $532.3 million in average borrowed funds, partially offset by a $517.5 million decrease in average interest-bearing deposits.

Net Interest Income**.** Net interest income for the quarter ended September 30, 2023, decreased $12.3 million, or 29.3%, to $29.7 million, from $42.0 million for the quarter ended September 30, 2022 primarily due to an 83 basis point decrease in net interest margin to 2.25% for the quarter ended September 30, 2023, from 3.08% for the quarter ended September 30, 2022. The decrease in net interest margin was primarily due to the cost of interest-bearing liabilities increasing faster than the repricing of interest-earning assets. The cost of interest-bearing liabilities increased by 178 basis points to 2.31% for the quarter ended September 30, 2023, from 0.53% for the quarter ended September 30, 2022, driven by both higher cost of deposits and borrowed funds, reflective of the rising interest rate environment. The increase in the cost of interest-bearing liabilities was partially offset by an increase in the yield on interest-earning assets, which increased by 54 basis points to 4.00% for the quarter ended September 30, 2023, from 3.46% for the quarter ended September 30, 2022.

Provision for Credit Losses**.** The provision for credit losses on loans decreased by $2.5 million to a provision of $188,000 for the quarter ended September 30, 2023, from a provision of $2.7 million for the quarter ended September 30, 2022. The decrease was primarily due to a decrease in loan balances, a decrease in reserves related to non-economic qualitative loss factors in the multifamily and commercial real estate portfolios, and a decrease in reserves related to the PCD portfolio, attributable to improved cash flows. The decreases were partially offset by a worsening macroeconomic outlook, higher net charge-offs, and an increase in reserves for downgraded commercial and industrial loans. Net charge-offs were $2.9 million for the quarter ended September 30, 2023, compared to net recoveries of $149,000 for the quarter ended September 30, 2022, due to $2.9 million in net charge-offs on small business unsecured commercial and industrial loans.

Non-interest Income**.** Non-interest income decreased by $165,000, or 7.2%, to $2.1 million for the quarter ended September 30, 2023, from $2.3 million for the quarter ended September 30, 2022, primarily due to a $183,000 decrease in fees and service charges for customers, primarily related to lower overdraft fees, and a $174,000 decrease in gains on sales of loans, partially offset by a $131,000 decrease in losses on trading securities. The decrease in gains on sales of loans was due to a $99,000 gain realized on the sale of one SBA loan totaling $974,000 in the third quarter of 2023 as compared to a $273,000 gain realized on the sale of two SBA loans totaling $2.5 million in the third quarter of 2022. For the quarter ended September 30, 2023, losses on trading securities, net, were $295,000, compared to losses of $426,000 in the quarter ended September 30, 2022. Gains and losses on trading securities have a minimal effect on net income since participants benefit from, and bear the full risk of, changes in the trading securities market values.

Non-interest Expense**.** Non-interest expense increased by $2.7 million, or 15.1%, to $20.6 million for the quarter ended September 30, 2023, from $17.9 million for the quarter ended September 30, 2022. The increase was primarily due to a $2.0 million increase in the credit loss expense/(benefit) for off-balance sheet exposures which was due to $160,000 of expense recorded during the quarter ended September 30, 2023, compared to a benefit of $1.9 million recorded in the prior year quarter. The benefit in the prior year quarter was attributable to a decrease in the pipeline of loans committed and awaiting closing. Additionally, there was a $136,000 increase in compensation and employee benefits, a $147,000 increase in data processing expense due to continued investments in technology, and a $235,000 increase in FDIC insurance expense due to higher assessments.

Income Tax Expense**.** The Company recorded income tax expense of $2.9 million for the quarter ended September 30, 2023, compared to $6.7 million for the quarter ended September 30, 2022, with the decrease due to lower taxable income. The effective tax rate for the quarter ended September 30, 2023 was 26.0%, compared to 28.4% for the quarter ended September 30, 2022.

The following table sets forth average balances, average yields and costs, and certain other information for the periods indicated.

	For the Three Months Ended					
	September 30, 2023			September 30, 2022		
	Average Outstanding Balance	Interest	Average Yield/ Rate (1)	Average Outstanding Balance	Interest	Average Yield/ Rate (1)
Interest-earning assets:						
Loans (2)	$ 4,252,752	$ 46,213	4.31 %	$ 4,214,438	$ 42,311	3.98 %
Mortgage-backed securities (3)	660,753	3,664	2.20	833,975	3,284	1.56
Other securities (3)	209,341	1,095	2.08	294,786	1,201	1.62
Federal Home Loan Bank of New York stock	41,278	933	8.97	22,641	283	4.96
Interest-earning deposits in financial institutions	73,005	831	4.52	51,364	199	1.54
Total interest-earning assets	5,237,129	52,736	4.00	5,417,204	47,278	3.46
Non-interest-earning assets	248,315			257,177		
Total assets	$ 5,485,444			$ 5,674,381		
Interest-bearing liabilities:						
Savings, NOW, and money market accounts	$ 2,408,218	8,865	1.46 %	$ 2,923,600	701	0.10 %
Certificates of deposit	551,904	4,749	3.41	554,018	1,420	1.02
Total interest-bearing deposits	2,960,122	13,614	1.82	3,477,618	2,121	0.24
Borrowed funds	939,922	8,593	3.63	407,668	2,304	2.24
Subordinated debt	61,127	837	5.43	61,283	842	5.45
Total interest-bearing liabilities	3,961,171	23,044	2.31	3,946,569	$ 5,267	0.53
Non-interest bearing deposits	739,266			911,183		
Accrued expenses and other liabilities	100,103			103,853		
Total liabilities	4,800,540			4,961,605		
Stockholders' equity	684,904			712,776		
Total liabilities and stockholders' equity	$ 5,485,444			$ 5,674,381		
Net interest income		$ 29,692			$ 42,011	
Net interest rate spread (4)			1.69 %			2.93 %
Net interest-earning assets (5)	$ 1,275,958			$ 1,470,635		
Net interest margin (6)			2.25 %			3.08 %
Average interest-earning assets to interest-bearing liabilities			132.21 %			137.26 %

(1) Average yields and rates are annualized.
(2) Includes non-accruing loans.
(3) Securities available-for-sale and other securities are reported at amortized cost.
(4) Net interest rate spread represents the difference between the weighted average yield on interest-earning assets and the weighted average cost of interest-bearing liabilities.
(5) Net interest-earning assets represent total interest-earning assets less total interest-bearing liabilities.
(6) Net interest margin represents net interest income divided by average total interest-earning assets.

Asset Quality

PCD Loans (Held-for-Investment)

Based on its detailed review of PCD loans and experience in loan workouts, management believes it has a reasonable expectation about the amount and timing of future cash flows and accordingly has classified PCD loans ($10.4 10.0 million and $11.5 million $9.9 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively) as accruing, even though they may be contractually past due. At September 30, 2023 March 31, 2024, 3.5% of PCD loans were past due 30 to 89 days, and 28.2% were past due 90 days or more, as compared to 6.8% 2.9% and 23.0% 27.1%, respectively, at December 31, 2022 December 31, 2023.

Loans

The following table details total non-accruing non-accrual loans non-performing loans, (excluding PCD), non-performing assets, and troubled debt restructurings (“TDR”) (excluding PCD loans) loans over 90 days delinquent on which interest is accruing, and accruing loans 30 to 89 days delinquent at September 30, 2023, March 31, 2024 and December 31, 2022 (in December 31, 2023 (dollars in thousands):

	March 31, 2024	December 31, 2023
Non-accrual loans:		
Held-for-investment		
Real estate loans:		
Multifamily	$ 2,676	$ 2,709
Commercial	10,680	6,491
One-to-four family residential	101	104
Home equity and lines of credit	1,125	499
Commercial and industrial	2,200	305
Other	6	7
Total non-accrual loans held-for-investment	16,788	10,115
Loans delinquent 90 days or more and still accruing:		
Held-for-investment		
Real estate loans:		
Multifamily	192	201
One-to-four family residential	137	406
Home equity and lines of credit	124	711
Total loans delinquent 90 days or more and still accruing held-for-investment	453	1,318
Total non-performing assets	$ 17,241	$ 11,433
Non-performing loans to total loans	0.41 %	0.27 %
Non-performing assets to total assets	0.29 %	0.20 %
Accruing loans 30 to 89 days delinquent	$ 8,266	$ 8,683

	September 30, 2023	December 31, 2022
Non-accrual loans:		
Held-for-investment		
Real estate loans:		
Multifamily	$ 3,073	$ 3,285
Commercial	5,435	5,184
One-to-four family residential	106	118
Home equity and lines of credit	98	262
Commercial and industrial	848	964
Other	10	—
Total non-accrual loans held-for-investment	9,570	9,813
Loans delinquent 90 days or more and still accruing:		
Held-for-investment		
Real estate loans:		
Multifamily	209	233
Commercial	114	8
One-to-four family residential	139	155
Home equity and lines of credit	115	—
Commercial and industrial	15	24
Other	—	5
Total loans delinquent 90 days or more and still accruing held-for-investment	592	425
Total non-performing assets	$ 10,162	$ 10,238
Non-performing loans to total loans	0.24 %	0.24 %
Non-performing assets to total assets	0.19 %	0.18 %
Loans subject to restructuring agreements and still accruing (1)	$ —	$ 3,751
Accruing loans 30 to 89 days delinquent	$ 8,105	$ 3,644

(1) With the At March 31, 2024, total non-performing loans included $1.7 million of modified loans to borrowers experiencing financial difficulty and $3.2 million of troubled debt restructuring ("TDR") loans that existed prior to adoption of Accounting Standards Update ("ASU") 2022-02 Financial Instruments - Credit Losses (Topic 326) Troubled Debt Restructurings on January 1, 2023. At December 31, 2023, total non-performing loans included $236,000 of modified loans to borrowers experiencing financial difficulty and Vintage Disclosures (" $3.3 million of troubled debt TDR loans that existed prior to the adoption of ASU 2022-02"), effective January 1, 2023, TDR accounting has been eliminated. 2022-02.

The increase in non-accrual commercial real estate loans from December 31, 2023, was primarily attributable to one loan with a balance of $4.4 million, which was put on non-accrual status during the current quarter. Based on the results of the impairment analysis for this loan as of March 31, 2024, no impairment reserve was necessary as the loan is adequately covered by collateral (a private residence and retail property, both located in Monmouth County, New Jersey), with aggregate appraised values totaling $8.7 million. The increase in non-accrual commercial and industrial loans was primarily due to an increase in non-performing unsecured small business loans. Unsecured small business loans totaled $35.6 million and $37.4 million at March 31, 2024 and December 31, 2023, respectively. Management continues to monitor the small business unsecured commercial and industrial loan portfolio.

Other Real Estate Owned

At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company had no assets acquired through foreclosure.

Accruing Loans 30 to 89 Days Delinquent

Loans 30 to 89 days delinquent and on accrual status totaled $8.1 million $8.3 million and $3.6 million $8.7 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. The following table sets forth delinquencies for accruing loans by type and by amount at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 (in thousands):

	September 30, 2023	December 31, 2022
Held-for-investment		
Real estate loans:		
Multifamily	$ 178	$ 189
Commercial	1,892	900
One-to-four family residential	2,708	672
Home equity and lines of credit	1,206	830
Commercial and industrial loans	2,117	1,048
Other loans	4	5
Total delinquent accruing loans held-for-investment	$ 8,105	$ 3,644

The increase in delinquent commercial loans was primarily due to one loan with a balance of $1.1 million that became delinquent during the current quarter. The loan is secured by property in Staten Island, New York with an appraised value of $4.2 million. The majority of the loans past due in the one-to-four family residential and home equity and lines of credit portfolios were due to loans past due 30 days at September 30, 2023, and became current subsequent to the quarter end, therefore management does not believe the recent increase in delinquencies in these portfolios is an indicator of credit deterioration. The increase in the commercial and industrial loan delinquencies was primarily due to an increase in delinquencies in unsecured small business loans. Unsecured small business loans totaled $39.1 million and $43.3 million at September 30, 2023 and December 31, 2022, respectively. Management continues to monitor the small business unsecured commercial and industrial loan portfolio.

Loans Subject to TDR Agreements prior to the adoption of ASU 2022-02

Effective January 1, 2023, the Company adopted ASU 2022-02, which eliminated the recognition and measure of troubled debt restructurings and enhanced disclosures for loan modifications to borrowers experiencing financial difficulty. There were no material modifications of loans to borrowers who were experiencing financial difficulty during the three months ended September 30, 2023.

Information on loan modifications prior to the adoption of ASU 2022-02 on January 1, 2023 is presented in accordance with the applicable accounting standards in effect at that time.

Included in non-accruing loans are loans subject to TDR agreements totaling $3.3 million at December 31, 2022. At December 31, 2022, three of the non-accruing TDRs totaling $547,000 were not performing in accordance with their restructured terms. Two of the loans totaling $477,000 are collateralized by real estate with an appraised value of $2.4 million. A third loan in the amount of $70,000 is an unsecured commercial and industrial loan, which has a specific reserve against it.

The Company also held loans subject to TDR agreements that were on accrual status totaling $3.8 million at December 31, 2022. At December 31, 2022, $3.6 million, or 94.8%, of the $3.8 million of accruing loans subject to TDR agreements were performing in accordance with their restructured terms. Generally, the types of concessions that we make to troubled borrowers include both temporary and permanent reductions to interest rates, extensions of payment terms, and, to a lesser extent, forgiveness of principal and interest.

	March 31, 2024	December 31, 2023
Held-for-investment		
Real estate loans:		
Multifamily	$ 171	$ 740
Commercial	2,106	1,010
One-to-four family residential	1,171	3,339
Home equity and lines of credit	1,029	817
Construction and land	1,727	—
Commercial and industrial loans	2,062	2,767
Other loans	—	10
Total delinquent accruing loans held-for-investment	$ 8,266	$ 8,683

Rent-Regulated Multifamily Loans

Our multifamily loan portfolio at March 31, 2024 totaled $2.72 billion, or 65% of our total loan portfolio, of which $444.4 million, or 11%, included loans collateralized by properties in New York with units subject to some percentage of rent regulation. The following table below sets forth details the amounts and categories about our multifamily loan portfolio in New York (dollars in thousands).

% Rent Regulated	Number of Loans	Balance	% Portfolio Total NY Multifamily Portfolio	Average Balance	Largest Loan	LTV*	DSCR*	30-89 Days Delinquent	Non-Accrual	Special Mention	Substandard
0	256	$ 314,582	41.4 %	$ 1,229	$ 16,757	52.1%	1.58x	$ 363	$ 375	$ 788	$ 1,075
>0-10	3	4,797	0.6	1,599	2,148	52.0	1.46	—	—	—	—
>10-20	13	18,958	2.5	1,458	2,896	49.7	1.57	—	—	—	—
>20-30	8	18,067	2.4	2,258	5,573	55.4	1.41	—	—	—	—
>30-40	12	15,392	2.0	1,283	3,136	48.9	1.73	—	—	—	—
>40-50	17	22,456	3.0	1,321	2,772	48.7	1.62	—	—	—	—
>50-60	6	9,600	1.3	1,600	2,368	40.3	2.03	—	—	—	—
>60-70	5	16,803	2.2	3,361	11,493	55.2	1.47	—	—	—	—
>70-80	7	15,526	2.1	2,218	4,765	47.5	1.59	—	—	—	—
>80-90	18	21,109	2.8	1,173	3,170	47.1	1.68	—	—	—	—
>90-100	167	301,691	39.7	1,807	17,113	52.8	1.68	—	2,301	—	4,587
Total	**512**	**$ 758,981**	**100.0%**	**$ 1,482**	**$ 17,113**	**51.9%**	**1.63x**	**$ 363**	**$ 2,676**	**$ 788**	**$ 5,662**

The table below sets forth our New York rent-regulated loans by county (dollars in thousands):

County	Balance	LTV*	DSCR*
Bronx	$ 120,694	52.1%	1.64x
Kings	193,025	51.7%	1.68
Nassau	2,196	36.5%	1.88
New York	41,181	47.3%	1.51
Queens	39,437	44.8%	1.88
Richmond	29,981	60.8%	1.68
Westchester	17,885	62.5%	1.37
Total	**$ 444,399**	**51.8%**	**1.66x**

* Weighted Average

None of the loans subject to restructuring agreements by loan type as that are rent-regulated in New York are interest only. During the remainder of December 31, 2022 (in thousands): 2024, 12 loans with an aggregate principal balance of $17.5 million will re-price.

	December 31, 2022	
	Non-Accruing	Accruing
Real estate loans:		
Commercial	$ 3,069	$ 3,034
One-to-four family residential	—	666
Multifamily	126	—
Home equity and lines of credit	—	27
Commercial and industrial loans	70	24
	$ 3,265	$ 3,751
Performing in accordance with restructured terms	83.2 %	94.8 %

Liquidity and Capital Resources

Liquidity. The objective of our liquidity management is to ensure the availability of sufficient funds to meet financial commitments and to meet deposit withdrawals, to repay borrowings as they mature, and to fund new loans and investments as opportunities arise.

The Bank's primary sources of funds are deposits, principal and interest payments on loans and securities, borrowed funds, the proceeds from maturing securities and short-term investments, and to a lesser extent, proceeds from the sales of loans and securities, and wholesale borrowings. The scheduled amortization of loans and securities, as well as proceeds from borrowed funds, are predictable sources of funds. Other funding sources, however, such as deposit inflows and loan prepayments are greatly influenced by market interest rates, economic conditions, and competition. The Bank is a member of the FHLBNY, which provides an additional source of short-term and long-term funding. The Bank also has short-term borrowing capabilities with the FRB. On March 12, 2023, the Board of Governors of the Federal Reserve System created the Bank Term Funding Program ("BTFP"), which aims to enhance liquidity by allowing institutions to pledge certain securities at par value, and a pay a borrowing rate of New York ("FRBNY") ten basis points over the one-year overnight index swap rate. The BTFP is available to eligible U.S. federally insured depository institutions, with advances having a term of up to one year and no prepayment penalties. As of March 31, 2024, the Company had borrowed $300.0 million under the BTFP. The BTFP ceased making new loans on March 11, 2024. The Bank's total short-term borrowed funds, excluding lease obligations, floating rate advances and an overnight line of credit, were $873.1 million $1.06 billion at September 30, 2023 March 31, 2024, and had a weighted average interest rate of 3.60% 3.87%. A total of $190.3 million $508.3 million of these borrowings will mature in less than one year. Short-term borrowed funds, excluding floating rate advances, and other interest-bearing liabilities, were $572.0 million $853.1 million at December 31, 2022 December 31, 2023.

On June 17, 2022, the Company issued $62.0 million in aggregate principal amount of fixed to floating subordinated notes (the "Notes"). The Notes are non-callable for five years, have a stated maturity of June 30, 2032, and bear interest at a fixed rate of 5.00% until June 30, 2027. From July 2027 to the maturity date or early redemption date, the interest rate will reset quarterly to a level equal to the then current three-month Secured Overnight Financing Rate plus 200 basis points.

The Bank has the ability to obtain additional funding from the FHLBNY of approximately $1.35 billion $1.38 billion utilizing unencumbered securities of $161.1 million $561.2 million, loans of $1.19 billion $820.7 million, and encumbered securities of $7.7 million $533,000 at September 30, 2023 March 31, 2024. Additionally, the Bank has remaining borrowing capacity utilizing encumbered securities through the FRBNY FRB Discount Window of $42.5 million $7.0 million. The Bank expects to have sufficient funds available to meet current commitments in the normal course of business.

The Company has a diversified deposit base, and government deposits are collateralized by assets or letters of credit issued by the FHLBNY. Uninsured Estimated gross uninsured deposits (excluding at March 31, 2024 were $1.73 billion. This total includes fully collateralized uninsured governmental deposits and intercompany deposits of $661.1 million) are $890.4 million, leaving estimated at net uninsured deposits of approximately $899.5 million $842.4 million, or 24.5% 21.5%, of total deposits. At December 31, 2023, estimated net uninsured deposits as totaled $869.9 million, or 22.4% of September 30, 2023. At September 30, 2023, the composition of the Company's deposit base was as follows: 56% retail, 27% business, and 17% governmental. The average deposit balance at September 30, 2023 was $36,000. total deposits.

Northfield Bancorp, Inc. (standalone) is a separate legal entity from the Bank and must provide for its own liquidity to pay dividends, repurchase its stock, and for other corporate purposes. Northfield Bancorp, Inc.'s primary source of liquidity is dividend payments from the Bank. At September 30, 2023 March 31, 2024, Northfield Bancorp, Inc. (standalone) had liquid assets of $27.4 million $20.5 million.

Capital Resources. Federal regulations require federally insured depository institutions to meet several minimum capital standards: a common equity Tier 1 capital to risk-based assets ratio of 4.5%, a Tier 1 capital to risk-based assets ratio of 6.0%, a total capital to risk-based assets of 8.0%, and a 4.0% Tier 1 capital to total assets leverage ratio. In addition to establishing the minimum regulatory capital requirements, the regulations limit capital distributions and certain discretionary bonus payments to management if the institution does not hold a "capital conservation buffer" consisting of 2.5% of common equity Tier 1 capital to risk-weighted assets in addition to the amount necessary to meet its minimum risk-based capital requirements.

As a result of the Economic Growth, Regulatory Relief, and Consumer Protection Act, the The federal banking agencies developed a "Community Bank Leverage Ratio" ("CBLR") (the ratio of a bank's tangible equity capital to average total consolidated assets) for financial institutions with assets of less than $10 billion. A qualifying community bank that exceeds this ratio will be deemed to be in compliance with all other capital and leverage requirements, including the capital requirements to be considered "well capitalized" under Prompt Corrective Action statutes. The federal banking agencies have approved 9% as the current minimum capital for the CBLR. Effective March 31, 2020, a financial institution could elect to be subject to this new definition. Northfield Bank and Northfield Bancorp have elected to opt into the CBLR framework. The CBLR replaced the risk-based and leverage capital requirements in the generally applicable capital rules.

At September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023, as set forth in the following table, both Northfield Bank and Northfield Bancorp, Inc. exceeded all of the regulatory capital requirements to which they were subject at such dates.

		Northfield Bank	Northfield Bancorp, Inc.	For Capital Adequacy Purposes	For Well Capitalized Under Prompt Corrective Action Provisions				
As of September 30, 2023:									
	Northfield Bank					**Northfield Bank**	**Northfield Bancorp, Inc.**	**For Capital Adequacy Purposes**	**For Well Capitalized Under Prompt Corrective Action Provisions**
As of March 31, 2024:									
CBLR	CBLR	12.94%	12.69%	9.00%	9.00%				
As of December 31, 2022:									
CBLR	CBLR	12.68%	12.65%	9.00%	9.00%				
CBLR						12.35%	12.00%	9.00%	9.00%
As of December 31, 2023:									
CBLR									
CBLR									
CBLR						12.80%	12.58%	9.00%	

Off-Balance Sheet Arrangements and Contractual Obligations

In the normal course of operations, the Company engages in a variety of financial transactions that, in accordance with U.S. GAAP, are not recorded in the financial statements. These transactions primarily relate to lending commitments. These arrangements are not expected to have a material impact on the Company's results of operations or financial condition.

Commitments to fund unused lines of credit are agreements to lend additional funds to customers as long as there have been no violations of any of the conditions established in the agreements (original or restructured). Commitments to originate loans generally have a fixed expiration or other termination clauses, which may require payment of a fee. Since some of these loan commitments are expected to expire without being drawn upon, total commitments do not necessarily represent future cash requirements. At September 30, 2023 March 31, 2024, the reserve for commitments to fund unused lines of credit recorded in accrued expenses and other liabilities was $401,000. $319,000.

For further information regarding our off-balance sheet arrangements and contractual obligations, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

Accounting Pronouncements Not Yet Adopted

ASU No. 2020-04 2023-07. In November 2023, the FASB issued Accounting Standards Update ("ASU") No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures". The amendments in this ASU require improved reportable segment information on an annual and interim basis, primarily through enhanced disclosures about significant segment expenses. This update will be effective for financial statements issued for fiscal years beginning after December 15, 2023, and interim periods for fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the impact of this standard on the consolidated financial statements.

ASU No. 2023-09. In March 2020, December 2023, the FASB issued ASU No. 2020-04, "Reference Rate Reform ("ASC 848") 2023-09, "Income Taxes (Topic 740): Facilitation of Improvements to Income Tax Disclosures". The amendments in the Effects of Reference Rate Reform on Financial Reporting", which provides temporary optional guidance to ease the potential burden in accounting for reference this ASU require improved annual income tax disclosures surrounding rate reform. The ASU provides optional expedients reconciliation, income taxes paid, and exceptions for applying generally accepted accounting principles to contract modifications and hedging relationships, subject to meeting certain criteria, that reference the London Inter-Bank Offered Rate ("LIBOR") or another reference rate expected to other disclosures. This update will be discontinued. It is intended to help stakeholders during the global market-wide reference rate transition period. The guidance was effective for all entities as of March 12, 2020 through December 31, 2022 financial statements issued for fiscal years beginning after December 15, 2024. However, in December 2022, the FASB issued ASU 2022-06, deferring the sunset date to

December 31, 2024. Early adoption is permitted. The Company has evaluated is currently evaluating the regulatory requirements to cease the use of LIBOR and has put in place systems and capabilities for this purpose. The adoption impact of this ASU is not expected to have a material impact standard on the Company's consolidated financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Management of Market Risk

General. A majority of our assets and liabilities are monetary in nature. Consequently, our most significant form of market risk is interest rate risk. Our assets, consisting primarily of mortgage-related securities and loans, generally have longer maturities than our liabilities, which consist primarily of deposits and wholesale borrowings. As a result, a principal part of our business strategy involves managing interest rate risk and limiting the exposure of our net interest income to changes in market interest rates. Accordingly, our Board of Directors has established a Management Asset-Liability Committee, comprised of our Senior Vice President ("SVP") & Chief Investment Officer and Treasurer, who chairs this Committee, our President & Chief Executive Officer, our Executive Vice President ("EVP") & Chief Risk Officer, our EVP & Chief Financial Officer, our EVP & Chief Lending Officer, our EVP & Chief Branch Administration, Deposit Operations & Business Development Officer, and our SVP & Director of Marketing, and other officers and staff as necessary or appropriate. This committee is responsible for, among other things, evaluating the interest rate risk inherent in our assets and liabilities, for recommending to the risk management committee of our Board of Directors the level of risk that is appropriate given our business strategy, operating environment, capital, liquidity and performance objectives, and for managing this risk consistent with the guidelines approved by the Board of Directors.

We seek to manage our interest rate risk in order to minimize the exposure of our earnings and capital to changes in interest rates. As part of our ongoing asset-liability management, we currently use the following strategies to manage our interest rate risk:

- originating multifamily loans and commercial real estate loans that generally have shorter maturities than one-to-four family residential real estate loans and have higher interest rates that generally reset from five to ten years;
- investing in investment grade corporate securities and mortgage-backed securities; and
- obtaining general financing through lower-cost core deposits, brokered deposits, and longer-term FHLB advances and repurchase agreements.

Shortening the average term of our interest-earning assets by increasing our investments in shorter-term assets, as well as originating loans with variable interest rates, helps to match the maturities and interest rates of our assets and liabilities better, thereby reducing the exposure of our net interest income to changes in market interest rates.

Net Portfolio Value Analysis**.** We compute amounts by which the net present value of our assets and liabilities (net portfolio value or "NPV"), would change in the event market interest rates changed change over an assumed range of rates. Our simulation model uses a discounted cash flow analysis to measure the interest rate sensitivity of our NPV. Depending on current market interest rates, we estimate the economic value of these assets and liabilities under the assumption that interest rates experience an instantaneous and sustained increase or decrease of 100, 200, 300, or 400 basis points, or a decrease of 100 and 200 basis points, which is based on the current interest rate environment. A basis point equals one-hundredth of one percent, and 100 basis points equals one percent. An increase in interest rates from 3% to 4% would mean, for example, a 100 basis point increase in the "Change in Interest Rates" column below.

Net Interest Income Analysis. In addition to NPV calculations, we analyze our sensitivity to changes in interest rates through our net interest income model. Net interest income is the difference between the interest income we earn on our interest-earning assets, such as loans and securities, and the interest we pay on our interest-bearing liabilities, such as deposits and borrowings. In our model, we estimate what our net interest income would be for a twelve-month period. Depending on current market interest rates we then calculate what the net interest income would be for the same period under the assumption that interest rates experience an instantaneous and sustained increase or decrease of 100, 200, 300, or 400 basis points, or a decrease of 100 and 200 basis points, which is based on the current interest rate environment.

The following tables set forth, as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, our calculation of the estimated changes in our NPV, NPV ratio, and percent change in net interest income that would result from the designated instantaneous and sustained changes in interest rates (dollars in thousands). Computations of prospective effects of hypothetical interest rate changes are based on numerous assumptions, including relative levels of market interest rates, loan prepayments and deposit repricing characteristics, including decay rates, and correlations to movements in interest rates, and should not be relied on as indicative of actual results.

At September 30, 2023	At March 31, 2024

Change in Interest Rates (basis points)	Change in Interest Rates (basis points)	Estimated Present Value of Assets	Estimated Present Value of Liabilities	Estimated NPV	Estimated Change In NPV	Estimated Change in NPV %	Estimated NPV/Present Value of Assets Ratio	Next 12 Months Net Interest Income Percent Change	Months 13-24 Net Interest Income Percent Change	Change in Interest Rates (basis points)	Estimated Present Value of Assets		Estimated Present Value of Liabilities		Estimated NPV		Estimated Change In NPV		Estimated Change in NPV %	Esti NPV/I Val Asset
+400	+400	$4,687,721	$3,971,187	$716,534	$(148,692)	(17.19)%	15.29 %	(21.29)%	(5.03)%	+400	$5,127,261	$	$4,473,500	$	$653,761	$	$(155,873)	(19.25)	(19.25)%	
+300	+300	4,793,699	4,042,752	750,947	(114,279)	(13.21)	15.67	(16.11)	(4.25)											
+200	+200	4,911,090	4,117,847	793,243	(71,983)	(8.32)	16.15	(10.09)	(1.79)											
+100	+100	5,027,830	4,196,889	830,941	(34,285)	(3.96)	16.53	(4.61)	(0.39)											
—	—	5,145,649	4,280,423	865,226	—	—	16.81	—	—											
(100)	(100)	5,265,528	4,372,412	893,116	27,890	3.22	16.96	3.15	(1.07)											
(200)	(200)	5,378,218	4,470,259	907,959	42,733	4.94	16.88	4.53	(4.74)											
(300)																				
(400)																				

Change in Interest Rates (basis points)	At December 31, 2022										Change in Interest Rates (basis points)	At December 31, 2023						
	Change in Interest Rates (basis points)	Estimated Present Value of Assets	Estimated Present Value of Liabilities	Estimated NPV	Estimated Change In NPV	Estimated Change in NPV %	Estimated NPV/Present Value of Assets Ratio	Next 12 Months Net Interest Income Percent Change	Months 13-24 Net Interest Income Percent Change		Estimated Present Value of Assets		Estimated Present Value of Liabilities		Estimated NPV		
+400	+400	$4,850,423	$4,057,885	$ 792,538	$(227,578)	(22.31)%	16.34 %	(25.83)%	(11.03)%	+400	$4,845,088	$	$4,222,267	$	$622,821		$
+300	+300	4,967,247	4,126,616	840,631	(179,485)	(17.59)	16.92	(19.51)	(8.90)	+300	4,945,428	4,292,831	4,292,831	652,597		652,597	(109,670)
+200	+200	5,106,889	4,198,831	908,058	(112,058)	(10.98)	17.78	(12.01)	(4.41)	+200	5,060,164	4,366,834	4,366,834	693,330		693,330	(68,937)
+100	+100	5,244,669	4,274,947	969,722	(50,394)	(4.94)	18.49	(5.33)	(1.19)	+100	5,174,386	4,444,681	4,444,681	729,705		729,705	(32,562)
—	—	5,375,689	4,355,573	1,020,116	—	—	18.98	—	—	—	5,289,153	4,526,886	4,526,886	762,267		762,267	—
(100)	(100)	5,503,211	4,464,131	1,039,080	18,964	1.86	18.88	0.76	(3.80)	(100)	5,410,037	4,618,015	4,618,015	792,022		792,022	29,755
(200)	(200)	5,626,336	4,586,245	1,040,091	19,975	1.96	18.49	0.00	(8.91)	(200)	5,531,944	4,714,497	4,714,497	817,447		817,447	55,180
(300)										(300)	5,653,051		4,818,672		834,379		
(400)										(400)	5,815,435		4,954,580		860,855		

At September 30, 2023 March 31, 2024, in the event of a 200 400 basis point decrease in interest rates, we would experience a 4.94% 14.35% increase in estimated net portfolio value, a 4.53% 1.66% increase in net interest income in year one, and a 4.74% an 8.24% decrease in net interest income in year two. In the event of a 400 basis point increase in interest rates, we would experience a 17.19% 19.25% decrease in estimated net portfolio value, a 21.29% an 18.91% decrease in net interest income in year one and a 5.03% 10.27% decrease in net interest income in year two. Our policies provide that, in the event of a 200 basis point decrease or less in interest rates, our net present value ratio should decrease by no more than 300 basis points and 10%, and in the event of a 400 basis point increase or less, our net present value should decrease by no more than 475 basis points and 35%. In the event of a 200 basis point decrease or less, our projected net interest income should decrease by no more than 10% in year one and 20% in year two, and in the event of a 400 basis point increase or less, our projected net interest income should decrease by no more than 39% in year one and 26% in year two. At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, we were in compliance with all Board-approved policies with respect to interest rate risk management.

Certain shortcomings are inherent in the methodologies used in determining interest rate risk through changes in net portfolio value and net interest income. Our model requires us to make certain assumptions that may or may not reflect the manner in which actual yields and costs respond to changes in market interest rates. However, we also apply consistent parallel yield curve shifts (in both directions) to determine possible changes in net interest income if the theoretical yield curve shifts occurred gradually. Net interest income analysis also adjusts the asset and liability repricing analysis based on changes in prepayment rates resulting from the parallel yield curve shifts. In addition, the net portfolio value and net interest income information presented assume that the composition of our interest-sensitive assets and liabilities existing at the beginning of a period remains constant over the period being measured and assume that a particular change in interest rates is reflected uniformly across the yield curve regardless of the duration or repricing of specific assets and liabilities. Accordingly, although interest rate risk calculations provide an indication of our interest rate risk exposure at a particular point in time, such measurements are not intended to and do not provide a precise forecast of the effect of changes in market interest rates on our net portfolio value or net interest income and will differ from actual results.

ITEM 4. CONTROLS AND PROCEDURES

An evaluation was performed under the supervision and with the participation of the Company's management, including the President and Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended) as of September 30, 2023. March 31, 2024. Based on that evaluation, the Company's management, including the President and Chief Executive Officer and the Chief Financial Officer, concluded that the Company's disclosure controls and procedures were effective.

During the three months ended September 30, 2023 March 31, 2024, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

The Company and subsidiaries are subject to various legal actions arising in the normal course of business. In the opinion of management, the resolution of these legal actions is not expected to have a material adverse effect on the Company's consolidated financial condition or results of operations.

ITEM 1A. RISK FACTORS

During the quarter ended September 30, 2023 March 31, 2024, there have been no material changes to the risk factors as previously disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023, and in our quarterly report on Form 10-Q for the quarter ended March 31, 2023, each as filed with the Securities and Exchange Commission, except as previously disclosed in our other filings with the Securities and Exchange Commission.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES, USE OF PROCEEDS, AND ISSUER PURCHASES OF EQUITY SECURITIES

(a) **Unregistered Sale of Equity Securities**. There were no sales of unregistered securities during the period covered by this report.

(b) **Use of Proceeds**. Not applicable.

(c) **Repurchases of Our Equity Securities**.

On June 1, 2023 November 7, 2023, the Board of Directors of the Company approved a $10.0 million $7.5 million stock repurchase program which was completed in January 2024, and on April 24, 2024, the Board of Directors of the Company approved a new $5.0 million stock repurchase program. The new program permits the Company's shares of common stock to be repurchased in open market or private transactions, through block trades, and pursuant to any trading plan that may be adopted in accordance with Rule 10b5-1 of the Securities and Exchange Commission. The timing of the repurchases depends on certain factors, including but not limited to, market conditions and prices, the Company's liquidity and capital requirements, and alternative uses of capital. Any repurchased shares are held as treasury stock and available for general corporate purposes. The repurchases can be suspended, terminated or modified at any time for any reason, including market conditions, the cost of repurchasing shares, the availability of alternative investment opportunities, liquidity, and other factors deemed appropriate.

The following table reports information regarding purchases of the Company's common stock during the three months ended September 30, 2023 March 31, 2024.

Period	Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs (in thousands)	Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs (in thousands)
July 1, 2023 to July 31, 2023		255,900	$11.00	255,900	$ 345					
August 1, 2023 to August 31, 2023		29,688	11.62	29,688	—					
January 1, 2024 to January 31, 2024										

February 1, 2024 to February 29, 2024			
March 1, 2024 to March 31, 2024			
Total	Total	285,588	285,588

In addition to the repurchases disclosed above, participants in the Company's stock-based incentive plans may have shares withheld to cover income taxes upon the vesting of restricted stock awards. Shares withheld to cover income taxes upon the vesting of restricted stock awards are repurchased pursuant to the terms of the applicable plan and not under the Company's stock repurchase program. There were no shares Shares repurchased pursuant to these plans during the three months ended September 30, 2023. three months ended March 31, 2024 were as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share
January 1, 2024 to January 31, 2024	—	$ —
February 1, 2024 to February 28, 2024	18,765	11.87
March 1, 2024 to March 31, 2024	—	—
Total	18,765	$ 11.87

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

During the three months ended September 30, 2023 March 31, 2024, no directors or executive officers of the Company adopted or terminated any contract, instruction or written plan for the purchase or sale of the Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) and/or any "Rule 10b5-1 trading arrangement."

ITEM 6. EXHIBITS

The following exhibits required by Item 601 of Regulation S-K are included with this Quarterly Report on Form 10-Q.

Exhibit Number	Description
31.1	Certification of Steven M. Klein, Chairman, President and Chief Executive Officer, Pursuant to Rule 13a-14(a) and Rule 15d-14(a).(1)
31.2	Certification of William R. Jacobs, Executive Vice President and Chief Financial Officer, Pursuant to Rule 13a-14(a) and Rule 15d-14(a).(1)
32	Certification of Steven M. Klein, Chairman, President and Chief Executive Officer, and William R. Jacobs, Executive Vice President and Chief Financial Officer, Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.(1)
101.INS	XBRL (Extensible Business Reporting Language) Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover page information from the Company's Quarterly Report on Form 10-Q filed November 8, 2023 May 10, 2024, formatted in Inline XBRL.

(1) Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NORTHFIELD BANCORP, INC.
(Registrant)

Date: November 8, 2023 May 10, 2024

/s/ Steven M. Klein
Steven M. Klein
Chairman, President and Chief Executive Officer

/s/ William R. Jacobs
William R. Jacobs
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Steven M. Klein, certify that:

1) I have reviewed this quarterly report on Form 10-Q of Northfield Bancorp, Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2023 May 10, 2024

/s/ Steven M. Klein

Steven M. Klein

Chairman, President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, William R. Jacobs, certify that:

1) I have reviewed this quarterly report on Form 10-Q of Northfield Bancorp, Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2023 May 10, 2024

/s/ William R. Jacobs

William R. Jacobs
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Steven M. Klein, Chairman, President and Chief Executive Officer of Northfield Bancorp, Inc. (the “Company”), and William R. Jacobs, Executive Vice President and Chief Financial Officer of the Company, each certify in his capacity as an officer of the Company that he has reviewed the quarterly report of the Company on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024, (the “Report”) and that to best of his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Steven M. Klein

Steven M. Klein
Chairman, President and Chief Executive Officer

Date: November 8, 2023 May 10, 2024

/s/ William R. Jacobs

William R. Jacobs
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: November 8, 2023 May 10, 2024

A signed original of this written statement required by Section 906 has been provided to Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.