REFINITIV

DELTA REPORT

10-K

BLUE FOUNDRY BANCORP

10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

TOTAL DELTAS	3184
CHANGES	467
DELETIONS	1299
ADDITIONS	1418

REFINITIV

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2022 December 31, 2023
OR

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

For the transition period from to

Commission file number 001-40619

BLUE FOUNDRY BANCORP
(Exact name of registrant as specified in its charter)

Delaware	**86-2831373**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)
19 Park Avenue, Rutherford, New Jersey	**07070**
(Address of principal executive offices)	(Zip Code)

(201) 939-5000
Registrant's telephone number, including area code

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value	BLFY	The NASDAQ Stock Market LLC

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☐ No ☒
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ☐ No ☒

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 and posted 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 and post 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

As of March 28, 2023 March 22, 2024, there were 28,522,500 shares issued and 27,517,182 24,338,092 shares outstanding of the Registrant's Common Stock, par value $0.01 per share.

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, computed by reference to price at which the common equity was last sold on June 30, 2022 June 30, 2023 was $312.3 million $227.4 million.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement for the Registrant's 2023 Annual Meeting of Stockholders. (Part III)

BLUE FOUNDRY BANCORP

FORM 10-K

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Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements, which can be identified by the use of words such as “estimate,” “project,” “believe,” “intend,” “anticipate,” “plan,” “seek,” “expect” 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 of our goals, intentions and expectations;

  - statements regarding the quality of our loan and investment portfolios; and
  -

- 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. We are under no duty to and do not take any obligation to update any forward-looking statements after the date of the Annual Report on Form 10-K.

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:

- inflation and changes in the interest rate environment that reduce our margins and yields, or reduce the fair value of financial instruments or reduce the origination levels in our lending business, or increase the level of defaults, losses and prepayments on loans we have made and make whether held in portfolio or sold in the secondary markets;
- inflation and changes in the interest rate environment that reduce our margins and yields, or reduce the fair value of financial instruments or reduce the origination levels in our lending business, or increase the level of defaults, losses and prepayments on loans we have made and make whether held in portfolio or sold in the secondary markets;
- general economic conditions, either nationally or in our market areas, that are worse than expected;
- our ability to access cost-effective funding;
- general economic conditions, either nationally or in our market areas, that are worse than expected;

  our ability to meet applicable capital and liquidity requirements;

  - our ability to access cost-effective funding;
  - our ability to meet applicable capital requirements;
  - our ability to maintain liquidity, including the percentage of uninsured deposits in our portfolio;
  - our ability to manage

market risk, credit risk and operational risk in the current economic conditions;

- changes in consumer demand, borrowing and savings habits;
- demand for loans and deposits in our market area;
- changes in the level and direction of loan delinquencies and write-offs and changes in estimates of the adequacy of the allowance for credit losses;
- fluctuations in real estate values and both residential and commercial real estate market conditions;
- significant increases in our loan losses;
- our ability to implement changes in our business strategies;
- competition among depository and other financial institutions;
- adverse changes in the securities markets;
- changes in

laws or government regulations or policies affecting financial institutions, including changes in regulatory fees and capital requirements;

- changes in monetary or fiscal policies of the U.S. Government, including policies of the U.S. Treasury and the Federal Reserve Board;
- our ability to enter new markets successfully and capitalize on growth opportunities;
- changes in accounting policies and practices, as may be adopted by bank regulatory agencies, the Financial Accounting Standards Board, the Securities and Exchange Commission or the Public Company Accounting Oversight Board;
- our ability to retain key employees;
- technological changes;
- cyber-attacks,

attacks, computer viruses and other technological risks that may breach the security of our websites 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 than expected;
- the ability of third-party providers to perform their obligations to us;
- the ability of the U.S. Government to manage federal debt limits;
- changes in the financial condition, results of operations or future prospects of issuers of securities that we own;
- our ability to manage market risk, credit risk and operational risk in the current economic conditions;
- changes in consumer demand, borrowing and savings habits;
- demand for loans and deposits in our market area;
- changes in the level and direction of loan delinquencies and write-offs and changes in estimates of the adequacy of the allowance for credit losses;
- fluctuations in real estate values and both residential and commercial real estate market conditions;
- significant increases in our loan losses;
- our ability to implement changes in our business strategies;
- competition among depository and other financial institutions;
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capital requirements;

- changes in monetary or fiscal policies of the U.S. Government, including policies of the U.S. Treasury and the Federal Reserve Board;
- our ability to enter new markets successfully and capitalize on growth opportunities;
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- technological changes that may be more difficult or expensive than expected;
- the ability of third-party providers to perform their obligations to us;
- the ability of the U.S. Government to manage federal debt limits;
- changes in the financial condition, results of operations or future prospects of issuers of securities that we own;
- our ability to successfully integrate any assets, liabilities, clients, systems and management personnel we have acquired or may acquire into our operations and our ability to realize related revenue synergies and cost savings within expected time frames and any goodwill charges related thereto;
- other economic, competitive, governmental, regulatory and operational factors affecting our operations, pricing products and services described elsewhere in this Annual Report on Form 10-K, and
- 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.

- our ability to successfully integrate any assets, liabilities, clients, systems and management personnel we have acquired or may acquire into our operations and our ability to realize related revenue synergies and cost savings within expected time frames and any goodwill charges related thereto;
- other economic, competitive, governmental, regulatory and operational factors affecting our operations, pricing products and services described elsewhere in the Annual Report on Form 10-K; and
- the current or anticipated impact of military conflict, terrorism or other geopolitical events

Because of these and other uncertainties, our actual future results may be materially different from the results indicated by these forward-looking statements.

PART I

ITEM 1. BUSINESS

Blue Foundry Bancorp

Blue Foundry Bancorp (the “Company”) is a Delaware corporation which became the holding company for Blue Foundry Bank (the “Bank”) on July 15, 2021, following the completion of the mutual-to-stock conversion of Blue Foundry, MHC. In connection with the conversion, the Company sold 27,772,500 shares of common stock, par value $0.01 per share, at a price of $10 per share, for gross proceeds of $277.7 million. The Company also contributed 750,000 shares of common stock and $1.5 million in cash to Blue Foundry Charitable Foundation, Inc. Shares of the Company’s common stock began trading on July 16, 2021 on the Nasdaq Global Select Market under the trading symbol “BLFY.”

The Company owns all of the outstanding common stock of the Bank, and as such, is a bank holding company subject to regulation by the Federal Reserve Board.

Blue Foundry Bank

The Bank is a New Jersey-chartered stock savings bank that was organized in 1939 as Boiling Springs Savings & Loan Association by the combination of the Rutherford Mutual Loan and Building Association, which had been founded in 1876, and the East Rutherford Savings, Loan and Building Association. In 1992, Boiling Springs Savings & Loan Association converted to a New Jersey-chartered mutual savings bank and became known as Boiling Springs Savings Bank. Boiling Springs Savings Bank's name was changed to Blue Foundry Bank in 2019. At December 31, 2022 December 31, 2023, the Bank had assets of $2.04 billion, net loans of $1.53 billion $1.55 billion and deposits of $1.39 billion $1.24 billion.

Blue Foundry Bank's principal business consists of originating one-to-four family residential, multi-family, multifamily, and non-residential real estate mortgages, home equity loans and lines of credit, construction and commercial and industrial loans in our principal market and surrounding areas. In addition, we often occasionally lend outside of our branch network in more densely populated and metropolitan areas, adding diversification to our loan portfolio. We attract retail deposits from the general public in the areas surrounding our banking offices, through our borrowers, and through our online presence, offering a wide variety of deposit products. We also invest in securities. Our revenues are derived primarily from interest on loans and, to a lesser extent, interest on mortgage-backed and other investment securities. Our primary sources of funds are deposits, principal and interest payments on loans and securities, and borrowings from the Federal Home Loan Bank of New York ("FHLB").

Blue Foundry Bank is subject to comprehensive regulation and examination by the New Jersey Department of Banking and Insurance ("NJDOBI") and the Federal Deposit Insurance Corporation ("FDIC"). Our website address is www.bluefoundrybank.com. Information on this website is not and should not be considered a part of this Annual Report on Form 10-K.

Market Area

Our market area is primarily northern New Jersey. As of December 31, 2022 December 31, 2023, the Bank operates 18 20 full service banking offices in Bergen, Essex, Hudson, Middlesex, Morris, Passaic, and Union counties in New Jersey. The administrative offices of the Company and Bank are located at 7 Sylvan Way, Suite 200, Parsippany, New Jersey 07054. Our telephone number is (201) 939-5000.

The economy in our primary market area benefits from being varied and diverse, with a broad economic base. New Jersey, counted among the wealthiest states in the nation with an estimated population of 9.26 million 9.29 million, is considered one of the most attractive banking markets in the United States. Within our primary market areas, the Bank had less than 1% of bank deposit market share as of June 30, 2022 June 30, 2023, the latest date for which statistics are available.

We believe that we have developed products and services that meet the financial needs of our current and future customer base; however, we plan, and believe it is necessary, to continuously evaluate our products and

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service offerings in light of evolving expectations and make the appropriate enhancements to ensure we remain competitive in our market area. Our marketing strategies focus on the strength of our knowledge of local consumer and small business markets, as well as expanding relationships with current customers and reaching out to develop new, profitable business relationships.

Competition

We face significant competition for deposits and loans. Our most direct competition for deposits has come historically from the numerous financial institutions operating in our market area (including other community banks and credit unions), many of which are significantly larger than we are and have greater resources. We also face competition for depositor funds from other sources such as financial technology companies, online banks, brokerage firms, money market funds and mutual funds, as well as from securities offered by the Federal Government, such as Treasury bills. Additionally, money center banks, such as Bank of America, JP Morgan Chase, Wells Fargo and Citi, and large regional banks, such as TD Bank, M&T Bank and PNC Bank, have a significant presence in our market area.

Our competition for loans comes primarily from the competitors referenced above and from other financial service providers, such as mortgage companies and mortgage brokers. Competition for loans also comes from the increasing number of non-depository financial service companies participating in the mortgage market, such as insurance companies, securities firms, financial technology companies, specialty finance firms and technology companies.

We expect competition to remain intense in the future as a result of legislative, regulatory and technological changes and the continuing trend toward consolidation of in the financial services industry. Technological advances, for example, have lowered barriers to entry, allowed banks to expand their geographic reach by providing services over the internet and made it possible for non-depository institutions, including financial technology companies, to offer products and services that traditionally have been provided by banks.

During 2022 and 2023, the Federal Reserve took unprecedented action to contain inflation. The Federal Reserve raised the federal funds rate seven a total of eleven times ranging from 25 basis points to 75 basis points, totaling 425 525 basis points or 4.25 percent. This showed to 5.50% in order to meet its resolve goal to return inflation to its 2 percent 2.00% target.

Further expected interest rate increases, persistently The Federal Reserve did not increase rates at the end of 2023. Persistently high inflation and geopolitical tensions have increased continued to increase uncertainty and elevated the risk of recession in the US economy.

Historically, our lending activities have emphasized one-to-four family residential real estate loans and multifamily housing loans, and such loans continue to comprise the largest portion of our loan portfolio. Other areas of We have shifted our focus to engage in more commercial-like lending to include non-residential mortgage loans, and, to a lesser extent, construction loans commercial and industrial loans, and junior liens and consumer loans, the latter of which consist primarily of home equity loans and lines of credit. Commercial commercial and industrial (“C&I”) loans. C&I loans include C&I revolvers, term loans and SBA 7a loans. Subject to market conditions and our asset-liability analysis, we expect to continue to focus on commercial real estate, multi-family multifamily and traditional C&I lending as part of our effort to diversify the loan portfolio and increase the overall yield earned on our loans. We compete for loans by offering high quality personalized service, providing convenience and flexibility, timely responses on loan applications, and by offering competitive pricing.

Loan Portfolio Composition. The following table sets forth the composition of the loan portfolio at the dates indicated.

		At December 31,					
		2022			2021		
		Amount	Percent		Amount	Percent	
		(Dollars in thousands)					
Residential one-to-four family	Residential one-to-four family	$ 594,521	38.55	%	$ 560,976	43.78	%
Multifamily	Multifamily	690,278	44.75		515,240	40.21	
Non-residential	Non-residential	216,394	14.03		141,561	11.05	
Construction and land	Construction and land	17,990	1.17		23,419	1.83	
Junior liens	Junior liens	18,477	1.20		18,464	1.44	

	December 31, 2023			December 31, 2023			December
	Amount			Amount	Percent		Amount
	(Dollars in thousands)						(Dollars in thous
Residential one-to-four family	$ 550,929	35.30		35.30 %	$ $594,521	38.55	38.55 %

Commercial and Industrial (1)		4,682	0.30	21,563	1.68							
Commercial and Industrial												
Consumer and other	Consumer and other	38	—	87	0.01							
Total gross loans	Total gross loans	1,542,380	100 %	1,281,310	100 %	Total gross loans	$1,560,730	100.00	100.00 %	1,542,380	100.00	100.00 %
Deferred fees, costs and discounts, net		2,747		6,299								
Less: allowance for loan losses		(13,400)		(14,425)								
Loans receivable, net		$ 1,531,727		$ 1,273,184								
Deferred fees, costs and discounts, net (1)												
Total loans												
Total loans												
Total loans												

(1) At December 31, 2022 and 2021, commercial and industrial With the adoption of ASU 2016-13, loans include Paycheck Protection Program ("PPP") loans totaling $477 thousand and $16.8 million, respectively, are presented at amortized cost, net of unearned deferred fees.

fees and costs. The 2022 presentation has not been restated.

Loan Maturity. The following tables set forth certain information at December 31, 2022 December 31, 2023 regarding the dollar amount of loan principal repayments becoming due during the periods indicated. The tables do not include any estimate of prepayments that significantly shorten the average loan life and may cause actual repayment experience to differ from that shown below. The amounts shown below include unearned loan origination fees and costs, and unamortized premium and discounts, net.

	At December 31, 2022							
	Residential One-to-Four Family	Multifamily	Non- Residential	Construction and Land	Junior Liens	Commercial and Industrial	Consumer and Other	Total Loans
	(In thousands)							
Amounts due in:								
One year or less	$ 794	$ 20,645	$ 162	$ 3,551	$ 21	$ 120	$ 12	$ 25,305
More than one year through five years	7,290	78,930	39,777	14,131	521	2,423	10	143,082
More than five years through fifteen years	172,224	435,965	143,272	—	1,853	2,110	17	755,441
More than fifteen years	416,946	155,150	32,850	117	16,236	—	—	621,299
Total	$ 597,254	$ 690,690	$ 216,061	$ 17,799	$ 18,631	$ 4,653	$ 39	$ 1,545,127

	Amounts due in				
	One year or less	More than one year through five years	More than five years through fifteen years	More than fifteen years	Total
	(In thousands)				
Residential one-to-four family	$ 395	$ 8,423	$ 152,515	$ 389,596	$ 550,929
Multifamily	25,989	74,699	441,439	140,437	682,564
Non-residential	68	65,677	142,730	24,030	232,505
Construction	24,309	36,105	—	—	60,414
Junior liens	56	431	2,265	19,751	22,503
Commercial and industrial	2,739	5,192	3,117	720	11,768
Consumer and other	25	8	14	—	47
Total loans	$ 53,581	$ 190,535	$ 742,080	$ 574,534	$ 1,560,730

Fixed vs. Adjustable Rate Loans. The following table sets forth the dollar amount of all loans at December 31, 2022 December 31, 2023 that are due after December 31, 2023 December 31, 2024 and have either fixed interest rates or floating or adjustable interest rates. The amounts shown below include unearned loan origination fees and costs and unamortized premium and discounts, net.

	Fixed Rates	Floating or Adjustable Rates	Total
	(In thousands)		
	Fixed Rates (In thousands)	Fixed Rates / Floating or Adjustable Rates	Total (In thousands)
Residential one-to-four family	$ 383,566	$ 212,894	$ 596,460
Multifamily	123,526	546,519	670,045
Non-residential	101,062	114,837	215,899
Construction and land	12,186	2,062	14,248
Construction			
Junior liens	5,648	12,962	18,610
Commercial and Industrial	4,533	—	4,533
Consumer and other	27	—	27
Total	$ 630,548	$ 889,274	$ 1,519,822
Total loans			

Residential Real Estate Loans. Our one-to-four family residential loan portfolio consists of mortgage loans that enable borrowers to purchase or refinance existing homes, most of which serve as the primary residence of the borrower. At December 31, 2022 December 31, 2023, one-to-four family residential real estate loans totaled $594.5 million $550.9 million, or 38.6% 35.3% of our total loan portfolio, and consisted of $382.9 million $356.8 million of fixed-rate loans and $211.6 million $194.1 million of adjustable-rate loans.

We offer fixed-rate and adjustable-rate residential real estate loans with maturities up to 30 years. The one-to-four family residential mortgage loans we are currently originating are generally underwritten according to Fannie Mae and Freddie Mac guidelines and we refer to loans that conform to such guidelines as “conforming loans.” We generally originate both fixed and adjustable-rate mortgage loans in amounts up to the maximum conforming loan limits. We currently originate loans above the conforming limits up to a maximum amount of $3.0 million, which are referred to as “jumbo loans.” We generally underwrite jumbo loans, whether originated or purchased, in a manner similar to conforming loans. At December 31, 2022 December 31, 2023, our largest one-to-four family residential loan totaled $4.0 $3.7 million, is secured by a series single family home located on approximately 53 acres of one-to-four family apartment units property and was not performing in accordance with its original terms.

Our adjustable-rate residential real estate loans have interest rates that are fixed for an initial period ranging from three to ten years. After the initial fixed period, the interest rate on adjustable-rate residential real estate loans is generally reset periodically based on a contractual spread or margin above the average yield on U.S. Treasury securities. Our adjustable-rate residential real estate loans can have initial and periodic caps of up to 2.0% on interest rate changes, with a current cap on total increases of 6.0% over the life of the loan.

We originate one-to-four family residential mortgage loans with loan-to-value ratios of generally up to 80% to 90% of the appraised value, depending on the size of the loan. We may originate loans with loan-to-value ratios that exceed 90% depending upon the product type. Mortgage insurance is required for all mortgage loans that have a loan-to-value ratio greater than 80%. The required insurance coverage amount varies based on the loan-to-value ratio and term of the loan. We only permit borrowers to purchase mortgage insurance from companies that have been approved by Blue Foundry Bank.

We generally do not offer “interest only” mortgage loans on one-to-four family residential properties or loans that provide for negative amortization of principal, such as “Option ARM” loans, where the borrower can pay less than the interest owed on the loan, resulting in an increased principal balance during the life of the loan. Additionally, we do not offer “subprime loans” (loans that are made with low down-payments to borrowers with weakened credit histories typically characterized by payment delinquencies, previous charge-offs, judgments, bankruptcies, or borrowers with questionable repayment capacity as evidenced by low credit scores or high debt-burden ratios) or Alt-A loans (defined as loans having less than full documentation).

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Multi-Family Real Estate Multifamily Loans. At December 31, 2022 December 31, 2023, we had $690.3 million $682.6 million in multi-family real estate multifamily loans, representing 44.8% 43.7% of our total loan portfolio. Our multi-family real estate multifamily loans are secured primarily by apartment buildings having five or more units, most of which are located in our primary market area.

We generally originate multi-family real estate multifamily loans with maximum terms of 10 years based on amortization periods between 25 and 30 years. We generally limit loan-to-value ratios to less than 80% of the appraised value of the property for multi-family real estate multifamily loans. Our multi-family real estate multifamily loans are offered with fixed and adjustable rate interest terms. All multi-family real estate multifamily loans are subject to our underwriting procedures and guidelines.

Repayment of multifamily loans is dependent, in significant part, on cash flow from the collateral property sufficient to satisfy operating expenses and debt service. Future increases in interest rates, increases in vacancy rates on multifamily residential or commercial buildings and other economic events, such as unemployment rates, which are outside the control of the borrower, or the Bank could negatively impact the future net operating income of such properties. Similarly, government regulations, such as the existing New York City Rent Regulation and Rent Stabilization laws, could limit future increases in the revenue from these buildings. As of December 31, 2023, the Company has approximately $109 million in New York multifamily loans that have some form of rent stabilization or rent control or 7.4% of total loans.

At December 31, 2022 December 31, 2023, our largest multi-family real estate multifamily loan totaled $23.3 million and was performing in accordance with its original terms.

We consider a number of factors in originating multi-family and non-residential real estate loans. We evaluate the qualifications and financial condition of the borrower (including credit history), profitability and expertise, as well as the value and condition of the mortgaged property securing the loan. When evaluating the qualifications of the borrower, we consider the financial resources of the borrower, the borrower’s experience in owning or managing similar property and the borrower’s payment history with us and other financial institutions. In evaluating the property securing the loan, we consider a number of factors, including the net operating income of the mortgaged property before debt service and depreciation, the debt service coverage ratio (the ratio of net operating income to debt service) to ensure that it is at least 1.25x, subject to certain exceptions, and the ratio of the loan amount to the appraised value of the mortgaged property. All loans are appraised by outside independent and qualified appraisers that are duly approved in accordance with Blue Foundry Bank policy. Loans are monitored on an ongoing basis, based on policy requirements, often requiring updated financials statements.

Non-Residential Real Estate Loans. At December 31, 2022 December 31, 2023, we had $216.4 million $232.5 million in non-residential real estate loans, representing 14.0% 14.9% of our total loan portfolio. Our non-residential real estate loans are secured primarily by industrial facilities, retail facilities and other commercial properties, most of which are located in our primary market area. Of these loans, $54.5 million are owner-occupied.

At December 31, 2023, our total commercial loan portfolio had less than 2% to office space and none of the exposure was in New York City.

Non-residential real estate loans are underwritten to asset specific guidelines in accordance to policy with the loan-to-value ratio limit generally being 75% of the appraised value of the property. At December 31, 2022 December 31, 2023, our largest non-residential real estate loan totaled $24.7 million $24.3 million and was secured by a grocery-anchored shopping center. At December 31, 2022 December 31, 2023, this loan was performing in accordance with its original terms.

Construction Loans. We make construction loans, primarily to contractors and builders of single-family homes multifamily and mixed-use projects and other commercial and industrial real estate projects as well as to individuals for the construction of their primary residences. projects. At December 31, 2022 December 31, 2023, our construction loans totaled $18.0 million $60.4 million, representing 1.2% 3.9% of our total loan portfolio. At December 31, 2022, portfolio and our largest construction loan totaled $9.8 million and $16.5 million, that was secured by a first mortgage lien for the construction of a mixed-used 16-story mixed use building. At December 31, 2022 December 31, 2023, this loan was performing in accordance with its original terms.

Construction loan-to-value ratios for one-to-four family residential properties generally will not exceed 80% of the appraised value of the property on Once a completed basis. Once the construction project is satisfactorily completed, we look to provide permanent financing.

***Junior Liens and Consumer Loans*.** We offer consumer loans to customers residing in New Jersey. our market area. Our consumer loans and junior liens consist primarily of home equity loans and lines of credit. At December 31, 2022 December 31, 2023, consumer loans totaled $18.5 million $22.5 million, or 1.2% 1.4% of our total loan portfolio.

Home equity loans and lines of credit are multi-purpose loans used to finance various home or personal needs, where a one-to-four family primary or secondary residence serves as collateral. We generally originate home equity loans and lines of credit of up to $500,000 with a maximum loan-to-value ratio of 80% (75% if the loan is for a condo) and terms of up to 20 years. Home equity lines of credit have adjustable rates of interest that are based on the prime rate, as published in The Wall Street Journal. Home equity lines of credit are secured by residential real estate in a first or second lien position.

The procedures for underwriting consumer loans include assessing the applicant's payment history on other indebtedness, the applicant's ability to meet existing obligations and payments on the proposed loan, and the loan-to-value ratio of the collateral property. Although the applicant's creditworthiness is a primary consideration, the underwriting process also includes a comparison of the value of the collateral, if any, to the proposed loan amount.

Commercial and Industrial Loans. We typically originate commercial business loans on the basis of the borrower's ability to make repayment from the cash flow of the borrower's business, the experience and stability of the borrower's management team, earnings projections, and the value and marketability of any collateral securing the loan. Business loans and lines of credit inherently have more risk of loss than real estate secured loans, in part because business loans may be more complex to underwrite than mortgages, and some of the loans or portions thereof may be unsecured. These loans are more likely to be reliant on the cashflow and solvency of the business. The value of collateral may not be adequate to cover the value of the loan and may be severely impacted by the performance of the business. If a decline in economic conditions or other issues cause difficulties for our business borrowers or we fail to evaluate the credit of the loan accurately when we underwrite the loan, it could result in delinquencies or defaults and a material adverse effect on our business, results of operations or financial condition. Commercial and industrial loans are generally secured by a variety of collateral, primarily accounts receivable, inventory and equipment. As a result, the availability of funds for the repayment of commercial and industrial loans may be substantially dependent on the success of the business itself and the general economic environment in our market area. Therefore, commercial and industrial loans that we originate may have greater credit risk than one-to-four family residential real estate loans or, generally, consumer loans. In addition, commercial and industrial loans generally require substantially greater evaluation and oversight efforts.

The Bank is a certified Small Business Administration ("SBA") lender and is a participant in SBA lending programs which provide typically provides guarantees of up to 75% of the principal on the underlying loans. We provide loans under the 7(a) Loan Program, the SBA's most common loan program.

We may sell a portion of these loans in the secondary market.

At December 31, 2022 December 31, 2023, we had $4.7 million $11.8 million of commercial and industrial loans. Commercial and industrial loans represent 0.3% 0.8% of our total loan portfolio. We offer term loans, lines of credit and revolving lines of credit with varying maturity terms to small businesses in our market area to finance short-term working capital needs such as accounts receivable and inventory. Our commercial lines of credit are typically structured with variable rates. We generally obtain personal guarantees with respect to all commercial and industrial loans. At December 31, 2022 December 31, 2023, the average loan size of our commercial and industrial loans was $291 $654 thousand, and our largest outstanding commercial and industrial loan balance was a $2.0 million SBA $4.9 million conventional C&I term loan to an ecommerce event and food services company. This loan was performing in accordance with its repayment terms at December 31, 2022 December 31, 2023.

During 2020 and early 2021, the The Company participated in the PPP. The PPP authorized financial institutions to make federally-guaranteed loans to qualifying small businesses and non-profit organizations. These loans carry an interest rate of 1% per annum and a maturity of five years if originated on or after June 5, 2020 SBA's Paycheck Protection Program ("PPP"). The PPP provided that such loans may be forgiven if the borrowers meet certain requirements with respect to maintaining employee headcount and payroll and the use of the loan proceeds after the loan is originated. If not forgiven, these loans may be guaranteed by the SBA. All PPP loans are categorized as Commercial and Industrial Loans within the Company's financial statements. At December 31, 2022 December 31, 2023 and 2021, 2022, PPP loans totaled $477 $181 thousand and $16.8 million, $477 thousand, respectively, net of unearned deferred fees.

Originations, Purchases and Participations of Loans

Lending Loan origination activities are conducted by our loan lending personnel operating at our offices. and throughout the branch network. We market, network and call on prospective customers and centers of influence to originate loans. We also obtain referrals from existing and former customers and from accountants, real estate brokers, builders and attorneys. All loans that we originate or purchase are underwritten pursuant to our policies and procedures, which, for residential loans, generally incorporate Fannie Mae and Freddie Mac underwriting guidelines to the extent applicable. We originate both adjustable-rate and fixed-rate loans. Our ability to originate fixed or adjustable-rate loans depends upon the relative customer demand for such loans, which is affected by current market interest rates as well as anticipated future market interest rates. Our loan origination and purchase activity may be adversely affected by a rising interest rate environment, which typically results in decreased loan demand.

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We consider a number of factors in originating multifamily and non-residential real estate loans. We evaluate the qualifications and financial condition of the borrower (including credit history), profitability and expertise, as well as the value and condition of the mortgaged property securing the loan. When evaluating the qualifications of the borrower, we consider the financial resources of the borrower, the borrower's experience in owning or managing similar property and the borrower's payment history with us and other financial institutions. In evaluating the property securing the loan, we consider a number of factors, including the net operating income of the mortgaged property before debt service and depreciation, the debt service coverage ratio (the ratio of net operating income to debt service) to ensure that it is at least 1.25x, subject to certain exceptions, and the ratio of the loan amount to the appraised value of the mortgaged property. All loans are appraised by outside independent and qualified appraisers that are duly approved in accordance with Blue Foundry Bank policy. Loans are monitored on an ongoing basis, based on policy requirements, often requiring updated financials statements.

During 2021, the years ended December 31, 2023 and 2022, loan originations totaled $119.6 million and $488.2 million, respectively.

The Bank began a may purchase residential loans through its residential loan purchase program to utilize excess liquidity and to supplement originations. All loans purchased were within New Jersey and were underwritten to FNMA standards, a comparable underwriting standard as internally originated internally-originated loans.

During the years ended December 31, 2022 and 2021, loan originations totaled $488.2 million and $321.7 million, respectively, all of which were retained by us. Loan purchases totaled $104.0 million $6.8 million and $91.6 million $104.0 million for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively.

We purchase whole loans and participate in loans originated by other institutions. Generally, our analysis for purchase and participation transactions follows underwriting policies as if we originated the loan directly. However, for loans that we participate in, we are subject to the lead financial institution's policies and practices related to items such as, monitoring, collection and default.

At December 31, 2022 December 31, 2023 the outstanding balances of our loan participations where we are not the lead lender totaled $111.9 million $126.8 million, or 7.3% 8.1% of our loan portfolio, all of which were commercial real estate loans. portfolio. All such loans were performing at December 31, 2023 in accordance with their original repayment terms at December 31, 2022. terms.

Credit Policy and Procedures

Loan Approval Procedures and Authority. Our lending activities follow written, non-discriminatory, underwriting standards and loan origination procedures policies established by management and approved by our Board of Directors. The Board of Directors has granted loan approval authority to certain officers up to prescribed limits, depending on the officer's title, experience, and the type of loan.

Loan approval authorities are dictated by factors such as the loan type, loan size, cumulative credit exposure (to a particular relationship) and the presence of any policy exceptions. All loans are independently underwritten. Commercial loans are further reviewed and acknowledged by the Chief Credit Officer or designee. Loans are then presented for approval to the appropriate authority. Under our current policy, no loan may be approved by a single officer. At a minimum, two officers are required to approve a loan – typically consisting of the loan product manager and a member of the management Loan Committee. Depending upon certain factors, such as the size of the loan request, escalating loan approval authorities may be required. In such cases, approval by the Loan Committee or Loan Oversight Committee may be required. For commercial loans, a minimum of three approvals are required (two of which must include the Chief Lending Officer and Chief Credit Officer), with a third approval from any voting member of the Loan Committee.

Loans to One Borrower. Pursuant to New Jersey law, the aggregate amount of loans that the Bank is permitted to make to any one borrower or a group of related borrowers is generally limited to 15% of the Bank's capital, surplus fund and undivided profits (25% if the amount in excess of 15% is secured by "readily marketable collateral"). At December 31, 2022 December 31, 2023, based on the 15% limitation, the Bank's loans-to-one-borrower limit was approximately $47.0 million $46.6 million, our internal policy limit was $42.3 million $42.0 million, representing 90% of the 15% limit. On the same date, the Bank had no borrowers with outstanding balances in excess of this amount. At December 31, 2022 December 31, 2023, our largest loan relationship with a single borrower was for $35.0 $34.3 million, which consisted of two loans one loan secured by non-residential, non-owner occupied real estate and six seven loans secured by multifamily real estate, each of which was performing in accordance with its terms.

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Delinquencies and Asset Quality

Delinquency Procedures. When a borrower fails to make a required monthly loan payment by the last day of the month, and upon expiration of any applicable grace period, a late notice is generated stating the payment and late charges due. Until such time as payment is made collection efforts continue with additional phone calls and escalating collection notices. Loan delinquencies more than 30 days past due are reported to the Board of Directors monthly.

If repayment is doubtful or not possible, a notice of intent to foreclose will be issued for residential loans, or an acceleration notice will be issued for commercial loans, and the account will be administered by our Asset Recovery Department with oversight and guidance from our counsel. Once issued for residential loans, the notice of intent to foreclose typically allows the borrower a period to cure the default. Once issued for commercial loans, a grace period may be granted in accordance with the loan's terms. If payment is made and the loan is brought current, foreclosure proceedings are discontinued, and the borrower is permitted to continue to make payments. If the borrower does not respond, cure the default, we will initiate foreclosure proceedings.

Loans Past Due and Non-Performing Assets. Loans are reviewed on a regular basis. Management determines that a loan is impaired or non-performing when it is probable at least a portion of the loan will not be collected in accordance with the original terms due to a deterioration in the financial condition of the borrower or the value of the underlying collateral if the loan is collateral-dependent. When a loan is determined to be impaired, the measurement of the loan in the allowance for loan credit losses on loans is based on present value of expected future cash flows, except that all collateral-dependent loans are measured for impairment based on the fair value of the collateral less selling costs. Non-accrual loans are loans for which collectability is questionable and, therefore, interest on such loans will no longer be recognized on an accrual basis. All loans that become 90 days or more delinquent are placed on non-accrual status unless the loan is guaranteed or well secured and in the process of collection. At December 31, 2023, there were no loans 90 days past due and still accruing and, at December 31, 2022, there were $61 thousand of loans 90 days past due and still accruing. When loans are placed on non-accrual status, unpaid accrued interest is fully reversed, and further income is recognized only to the extent received on a cash basis or cost recovery method.

When we acquire real estate as a result of foreclosure or a deed-in-lieu transaction, the real estate is classified as real estate owned. The real estate owned is recorded at the lower of carrying amount or fair value, less estimated costs to sell. Soon after acquisition, we order a new appraisal to determine the current market value of the property. Any excess of the recorded value of the loan over the market value of the property is charged against the allowance for loan credit losses or, if the existing allowance is inadequate, charged to expense of on loans. Subsequent remeasurement resulting in a charge-off would be expensed in the current period. After acquisition, all costs incurred in maintaining the property are expensed. Costs relating to the development and improvement of the property, however, are capitalized to the extent of estimated fair value less estimated costs to sell.

A loan is classified as a troubled debt restructuring if, for economic or legal reasons related The adoption of ASU No. 2022-02 "Financial Instruments - Credit Losses : Troubled Debt Restructurings ("TDR") and Vintage Disclosures ("ASU 2022-02")," on January 1, 2023, eliminated the recognition and measurement guidance of TDRs, so that creditors will apply the same guidance to the borrower's financial difficulties, we grant a concession to the borrower that we would not otherwise consider. This usually includes all modifications when determining whether a modification results in a new receivable or continuation of loan an existing receivable. Modifications to borrowers experiencing financial difficulty may include principal forgiveness, interest rate reductions, other than insignificant payment delays, terms such as extensions or a reduction combination thereof. See Note 1 - Summary of Significant Accounting Policies for a description of the interest rate to below market terms, capitalizing past due interest or extending the maturity date and possibly a partial forgiveness adoption of the principal amount due. Interest income on restructured loans is accrued after the borrower demonstrates the ability to pay under the restructured terms through a sustained period of repayment performance, which is generally six consecutive months. ASU 2022-02.

Delinquent Loans. The following table sets forth our loan delinquencies, including non-accrual loans, by type and amount at the dates indicated.

	At December 31,							
	2022				2021			
	60-89 Days		90 Days or More		60-89 Days		90 Days or More	
	Number of Loans	Principal Balance	Number of Loans	Principal Balance	Number of Loans	Principal Balance	Number of Loans	Principal Balance
	(Dollars in thousands)							
Residential one-to-four family	4	$ 845	9	$ 6,738	2	$ 457	14	$ 8,936
Multifamily	—	—	1	182	—	—	—	—
Non-residential	—	—	—	—	—	—	2	381
Construction and land	—	—	—	—	—	—	—	—
Junior liens	—	—	1	52	1	53	2	182
Commercial and Industrial	—	—	7	96	4	57	10	116
Total	4	$ 845	18	$ 7,068	7	$ 567	28	$ 9,615

	December 31, 2023				December 31, 2022			
	60-89 Days		90 Days or More		60-89 Days		90 Days or More	
	Number of Loans	Principal Balance	Number of Loans	Principal Balance	Number of Loans	Principal Balance	Number of Loans	Principal Balance
	(Dollars in thousands)							
Residential one-to-four family	1	$ 752	3	$ 3,926	4	$ 845	9	$ 6,738
Multifamily	—	—	—	—	—	—	1	182
Junior liens	—	—	1	49	—	—	1	52
Commercial and Industrial	—	—	3	39	—	—	7	96
Total	1	$ 752	7	$ 4,014	4	$ 845	18	$ 7,068

Non-Performing Assets. The table below sets forth the amounts and categories of our non-performing assets at the dates indicated.

	December 31, 2023	December 31, 2023	December 31, 2022
	(Dollars in thousands)		(Dollars in thousands)
Non-Performing Assets:			
Non-accrual loans:			
Non-accrual loans:			
Non-accrual loans:			
Residential one-to-four family			
Residential one-to-four family			
Residential one-to-four family			
Multifamily			
Junior liens			
Junior liens			

Junior liens

Commercial and Industrial

Total

Total

Total

Accruing loans past due 90 days or more:

	At December 31,	
	2022	2021
	(Dollars in thousands)	
Non-Performing Assets:		
Non-accrual loans:		
Residential one-to-four family	$ 7,498	$ 10,805
Multifamily	182	139
Non-residential	—	857
Construction and land	—	—
Junior liens	52	182
Commercial and Industrial	35	—
Consumer and other	—	—

Commercial and Industrial (1)

Commercial and Industrial (1)

Commercial and Industrial (1)

Total	Total	7,767	11,983
Accruing loans past due 90 days or more:			
Residential one-to-four family		—	—
Multifamily		—	—
Non-residential		—	—
Construction and land		—	—
Junior liens		—	—
Commercial and Industrial (1)		—	—
Consumer and other		—	—

Total

Total	Total	—	—
Total non-performing loans	Total non-performing loans	7,767	11,983
Real estate owned	Real estate owned	—	—
Other non-performing assets		—	—

Total non-performing assets	$ 7,767	$ 11,983
Troubled debt restructurings (accruing):		
Residential one-to-four family	$ 1,750	$ 1,346
Multifamily	—	—
Non-residential	2,567	3,564
Construction and land	—	—
Junior liens	—	—
Commercial and Industrial	—	—
Consumer and other	—	37
Total troubled debt restructurings (accruing)	$ 4,317	$ 4,947
Total troubled debt restructurings (accruing) and total non-performing assets	$ 12,084	$ 16,930
Total non-performing loans to total loans	0.50 %	0.94 %
Total non-performing loans to total assets	0.38 %	0.63 %
Total non-performing assets to total assets	0.38 %	0.63 %
Total non-performing assets and troubled debt restructurings (accruing) to total assets	0.59 %	0.88 %

Total non-performing loans to total loans

Total non-performing loans to total loans

Total non-performing loans to total loans	0.39 %	0.50 %
Total non-performing loans to total assets	0.30 %	0.38 %
Total non-performing assets to total assets	0.33 %	0.38 %

(1) PPP loans 90 days past due and accruing totaled $61 thousand and $116 thousand at December 31, 2022 and 2021, respectively. Such loans are not reported in non-performing loans as they carry the federal guarantee of the SBA.

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Classified Assets. Federal regulations provide for the classification of loans and other assets, such as debt and equity securities considered to be of lesser quality, as "substandard," "doubtful" substandard, doubtful or "loss." loss. An asset is considered "substandard" 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" Substandard assets include those characterized by the "distinct possibility" distinct possibility that the insured institution will sustain "some loss" some loss if the deficiencies are not corrected. Assets classified as "doubtful" doubtful have all of the weaknesses inherent in those classified "substandard," substandard, with the added characteristic that the weaknesses present make "collection collection or liquidation in full," on the basis of currently existing facts, conditions, and values, "highly highly questionable and improbable." Assets classified as "loss" loss are those considered "uncollectible" uncollectible and of such little value that their continuance as assets without the establishment of a specific loss allowance is not warranted. they are charged-off. Assets which do not currently expose the insured institution to sufficient risk to warrant classification in one of the aforementioned categories but possess weaknesses are designated as "special mention" special mention by our management.

When an insured institution classifies problem assets as either substandard or doubtful, it may establish general specific allowances in an amount deemed prudent by management to cover probable accrued losses. General allowances represent loss allowances which have been established to cover probable accrued losses associated with lending activities, but which, unlike specific allowances, have not been allocated to particular problem assets. When an insured institution classifies problem assets as "loss," it is required to charge-off such amount. An institution's determination as to the classification of its assets and the amount of its valuation allowances is subject to review by the regulatory authorities, which may require the establishment of additional general or specific loss allowances.

In connection with the filing of our periodic reports with the FDIC and in accordance with our classification of assets policy, we regularly review the problem loans in our portfolio to determine whether any loans require classification in accordance with applicable regulations.

The following table sets forth our amounts of special mention and classified loans as of December 31, 2022 December 31, 2023 and 2021. 2022.

		At December 31,			
		2022	2021		
		(In thousands)			
		December 31, 2023		December 31, 2023	December 31, 2022
		(In thousands)		(In thousands)	
Special mention	Special mention	$ 2,224	$ 5,213		
Substandard	Substandard	8,469	13,178		
Doubtful	Doubtful	—	—		
Loss	Loss	—	—		
Total	Total	$ 10,693	$ 18,391		

At December 31, 2022 December 31, 2023, special mention loans included one two residential one-to-four family loans totaling $663 thousand and one non-residential real estate loan totaling $904 thousand. At December 31, 2023, substandard loans represent nine residential one-to-four family loans totaling $5.9 million, one multifamily loan totaling $146 thousand and one junior lien loan totaling $49 thousand. At December 31, 2022 special mention loans included one non-residential real estate loan totaling $247 thousand, one multi-family multifamily real estate loan totaling $897 thousand and two non-residential real estate loan loans totaling $1.1 million. At December 31, 2022, substandard loans represent 20 loans totaling $8.5 million. At December 31, 2021, special mention loans included one non-residential real estate loan totaling $144 thousand and one multi-family real estate loan totaling $5.1 million. At December 31, 2021, substandard loans represent 33 loans totaling $13.2 million.

Allowance for Loan Credit Losses

On January 1, 2023, the Company adopted ASU No. 2016-13, “Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments (“ASU 2016-13”),” which requires the measurement of expected credit losses for financial assets measured at amortized cost, including loans, held-to-maturity securities and certain off-balance-sheet credit exposures. See Note 1 - Summary of Significant Accounting Policies for a description of the adoption of ASU 2016-13 and the Company’s allowance methodology.

The Under ASU 2016-13, the Company’s methodology for determining the allowance for loan losses is maintained at a level which, in management’s judgment, is adequate to absorb probable and incurred credit losses inherent in the loan portfolio. The amount of the allowance on loans is based on management’s evaluation of the collectability of the loan portfolio, upon key assumptions, including the nature of the portfolio, credit concentrations, trends in lookback period, historical loss experience, specific impaired loans, economic forecasts over a reasonable and economic conditions. Allowances for loans that are individually classified as impaired are generally determined based on collateral values or the present value of estimated cash flows. supportable forecast period, reversion period, prepayments and qualitative adjustments. The allowance is increased by measured on a provision for loan losses, which is charged to expense pool basis when similar risk characteristics exist. Loans that do not share common risk characteristics are evaluated on an individual basis and reduced by full and partial charge-offs, net of recoveries. Changes in are excluded from the allowance relating to impaired loans are charged or credited to the provision for loan losses. Management’s periodic evaluation of the adequacy of the allowance is based on various factors, including historical loss experience, current economic conditions, delinquency statistics, geographic and industry concentrations, the adequacy of the underlying collateral, the financial strength of borrowers, results of internal loan reviews and other qualitative and quantitative factors which could affect potential credit losses.

collective evaluation.

In addition, the NJDOBI and the FDIC periodically review our allowance for loan credit losses on loans and as a result of such reviews, they may require us to adjust our allowance for loan credit losses on loans or recognize loan charge-offs.

The following table sets forth activity in our allowance for loan credit losses on loans for the periods indicated.

	Year Ended December 31, 2022	Year Ended December 31, 2021
	(Dollars in thousands)	
Allowance for loan losses at beginning of period	$ 14,425	$ 16,959
Recovery of provision for loan losses	(1,001)	(2,518)
Charge-offs:		
Residential one-to-four family	—	—
Multifamily	—	—
Non-residential	—	—
Construction and land	—	—
Junior liens	—	—
Commercial and Industrial	—	—
Consumer and other	58	16
Total charge-offs	58	16
Recoveries:		
Residential one-to-four family	30	—
Multifamily	—	—
Non-residential	—	—
Construction and land	—	—
Junior liens	—	—
Commercial and Industrial	—	—
Consumer and other	4	—
Total recoveries	34	—
Net charge-offs	24	16
Allowance for loan losses at end of period	$ 13,400	$ 14,425

Allowance for loan losses to non-performing loans at end of period	172.52 %	120.38 %
Allowance for loan losses to total loans outstanding at end of period	0.87 %	1.13 %
Net charge-offs to average loans outstanding during period	(0.01) %	— %

	Year Ended December 31,	
	2023	2022
	(Dollars in thousands)	
Allowance for credit losses on loans at beginning of period	$ 13,400	$ 14,425
Impact of adoption 2016-13	668	—
Provision (recovery of provision) for credit losses on loans	146	(1,001)
Charge-offs:		
Residential one-to-four family	(18)	—
Consumer and other	(46)	(58)
Total charge-offs	(64)	(58)
Recoveries:		
Residential one-to-four family	—	30
Consumer and other	4	4
Total recoveries	4	34
Net charge-offs	(60)	(24)
Allowance for credit losses on loans at end of period	$ 14,154	$ 13,400
Allowance for credit losses on loans to non-performing loans at end of period	231.35 %	172.52 %
Allowance for credit losses on loans to total loans outstanding at end of period	0.91	0.87
Net charge-offs to average loans outstanding during period	—	—

Allocation of Allowance for Loan Losses. Credit Losses on Loans. The following tables set forth the allowance for loan credit losses on loans allocated by loan category and the percent of the allowance in each category to the total allocated allowance at the dates indicated. The allowance for loan credit losses on loans allocated to each category is not necessarily indicative of future losses in any particular category and does not restrict the use of the allowance to absorb losses in other categories.

	At December 31,					
	2022			2021		
	Amount	Percent of Allowance to Total Allowance	Percent of Loans in Category to Total Loans	Amount	Percent of Allowance to Total Allowance	Percent of Loans in Category to Total Loans
	(Dollars in thousands)					
Residential one-to-four family	$ 2,264	16.90 %	38.55 %	$ 2,822	19.56 %	43.78 %

	December 31, 2023			
	Amount		Amount	Percent of Allowance to Total Allowance
	(Dollars in thousands)			
Residential one-to-four family	$ 1,968	13.90	13.90 %	35.30

Multifamily	Multifamily	5,491	40.98	44.75	5,263	36.50	40.21	Multifamily	7,046	49.79	49.79 %	43.74
Non-residential	Non-residential	3,357	25.05	14.03	2,846	19.73	11.05	Non-residential	3,748	26.48	26.48 %	14.90
Construction and land	Construction and land	1,697	12.66	1.17	2,678	18.56	1.83	Construction and land	1,222	8.63	8.63 %	3.87
Junior liens	Junior liens	451	3.37	1.20	636	4.41	1.44	Junior liens	76	0.54	0.54 %	1.44
Commercial and Industrial	Commercial and Industrial	47	0.35	0.30	51	0.35	1.68	Commercial and Industrial	94	0.66	0.66 %	0.75
Consumer and other		—	0.00	0.00	38	0.26	0.01					
Total												
Total												
Total	Total	13,307	99.31	100.00	14,334	99.37	100.00		14,154	100.00	100.00 %	100.00 %
Unallocated	Unallocated	93	0.69	—	91	0.63	—	Unallocated	—	—	— %	—
Total allowance for loan losses		$ 13,400	100.00 %	100.00 %	$ 14,425	100.00 %	100.00 %					
Total allowance for credit losses on loans								Total allowance for credit losses on loans	$ 14,154		100.00 %	100.00 %

Investment Activities

General. The goals of our investment policy are generally to provide liquidity, mitigate interest rate risk, ensure the safety of principal, provide earnings and meet pledging requirements. Subject to loan demand and our interest rate risk analysis, we may increase the balance of our securities portfolio . portfolio.

Our investment policy was adopted and is reviewed annually by the Board of Directors. All investment decisions are made by senior management in accordance with board-approved policies. The Treasurer provides an investment schedule detailing the investment portfolio, which is regularly reviewed by the Board of Directors.

Our current investment policy permits, with certain limitations, investments in: U.S. Treasury securities; securities issued by the U.S. government and its agencies or government sponsored enterprises including mortgage-backed securities and collateralized mortgage obligations issued by Fannie Mae, Ginnie Mae and Freddie Mac; corporate and municipal bonds; private label mortgage-backed securities and privately issued asset-backed securities; certificates of deposit in other financial institutions; federal funds and money market funds.

At December 31, 2022 December 31, 2023, our securities portfolio consisted of debt securities issued by approximately 60% high-quality liquid assets, with the U.S. Government, agencies remaining 40% consisting of the U.S. Government or U.S. Government-sponsored enterprises, mortgage-backed securities and collateralized mortgage obligations issued and guaranteed by Fannie Mae, Freddie Mac and Ginnie Mae. Securities also included corporate bonds, municipal bonds, privately issued asset-backed securities federal funds and deposits other investment securities. Approximately 90% of our securities portfolio was classified as available-for-sale, with the remaining 10% classified as held-to-maturity.

Portfolio Maturities and Yields. The following table sets forth the stated maturities and weighted average yields of investment securities at December 31, 2023. Weighted average yields on tax-exempt securities presented exclude the tax equivalent yield. Certain securities have adjustable interest rates and will reprice at least annually within the various maturity ranges. These repricing schedules are not reflected in other institutions. the table below. Weighted average yield calculations on investment securities available-for-sale do not give effect to changes in fair value that are reflected as a component of equity.

	One Year or Less		More than One Year to Five Years		More than Five Years to Ten Years		More than Ten Years		Total		
	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Fair Value	Weighted Average Yield
	(Dollars in thousands)										
Available-for-sale:											
U.S. Treasury Note	$ 30,010	1.33 %	$ —	— %	$ 6,925	1.28 %	$ —	— %	$ 36,935	35,060	1.32 %
Corporate Bonds	12,005	2.65 %	33,241	3.95 %	31,002	5.97 %	6,000	3.75 %	82,248	76,623	4.51 %
U.S. Government agency obligations	10,000	0.50 %	0	— %	1,519	2.81 %	—	— %	11,519	11,140	0.79 %
State and municipal obligations	—	— %	743	2.24 %	4,692	2.27 %	988	2.26 %	6,423	6,195	2.26 %
Mortgage-backed securities:											
Residential one-to-four family	—	3.63 %	772	2.40 %	5,007	1.12 %	144,029	2.28 %	149,808	128,542	2.24 %
Multifamily	1,387	1.38 %	4,790	5.61 %	—	— %	6,345	2.64 %	12,522	11,523	3.61 %
Asset-backed securities	—	— %	0	— %	1,522	1.17 %	13,488	6.55 %	15,010	14,683	6.00 %
Total available-for-sale	$ 53,402	1.47 %	$ 39,546	4.09 %	$ 50,667	4.27 %	$ 170,850	2.68 %	$ 314,465	$ 283,766	2.91 %
Securities held-to-maturity:											
Corporate bonds	$ —	— %	$ —	— %	$ 18,600	4.06 %	$ —	— %	$ 18,600	15,007	4.06 %
Asset-backed securities	—	— %	5,967	1.73 %	8,845	1.80 %	—	— %	14,812	12,796	1.77 %
Total held-to-maturity	$ —	— %	$ 5,967	1.73 %	$ 27,445	3.33 %	$ —	— %	$ 33,412	$ 27,803	3.04 %

At December 31, 2022 December 31, 2023, other investments primarily consisted of membership and activity-based shares in FHLB stock. As a member of FHLB, we are required to purchase stock in the FHLB, which stock is carried at cost and classified as other investment securities. Other investments also consists consist of, to a much lesser extent, an investment in a financial technology fund carried at net asset value ("NAV") and shares in a cooperative that provides community banking core technology solutions, carried at cost.

At December 31, 2022, our securities portfolio consisted of approximately 60% high-quality liquid assets, with the remaining 40% consisting of corporate bonds, municipal bonds, privately issued asset-backed securities and other investment securities. Approximately 90% of our securities portfolio was classified as available for sale, with the remaining 10% classified as held to maturity.

Portfolio Maturities and Yields. The following table sets forth the stated maturities and weighted average yields of investment securities at December 31, 2022. Weighted average yields on tax-exempt securities presented exclude the tax equivalent yield due to the valuation allowance. Certain mortgage-backed securities have adjustable interest rates and will reprice at least annually within the various maturity ranges. These repricing schedules are not reflected in the table below. Weighted average yield calculations on investment securities available for sale do not give effect to changes in fair value that are reflected as a component of equity.

	At December 31, 2022										
	One Year or Less		More than One Year to Five Years		More than Five Years to Ten Years		More than Ten Years		Total		
	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Fair Value	Weighted Average Yield
	(Dollars in thousands)										
Available for sale:											
U.S. Treasury Note	$ 10,001	0.73 %	$ 30,021	1.33 %	$ 6,915	1.28 %	$ —	— %	$ 46,937	$ 43,759	1.19 %
Corporate Bonds	2,263	3.96	47,962	2.50	25,500	4.19	6,000	3.75	81,725	76,298	3.16
U.S. Government agency obligations	—	—	10,171	0.50	2,076	2.03	4,120	0.82	16,367	15,423	0.77
State and Municipal obligations	825	4.94	2,261	3.20	7,721	3.20	5,752	3.54	16,559	16,268	3.40
Mortgage-backed securities:											
Residential one-to-four family	—	—	1,177	3.57	6,643	1.36	157,023	2.29	164,843	140,186	2.26
Multifamily	5,001	2.41	7,995	2.67	—	—	6,479	3.22	19,475	18,158	2.79
Asset-backed securities	—	—	3,000	1.03	1,525	1.17	—	—	4,525	4,156	1.08
Total Available for sale	$ 18,090	1.79 %	$ 102,587	1.96 %	$ 50,380	3.09 %	$ 179,374	2.38 %	$ 350,431	$ 314,248	2.33 %
Securities held-to-maturity:											
Corporate bonds	$ —	— %	$ —	— %	$ 18,600	2.89 %	$ —	— %	$ 18,600	$ 16,319	2.89 %
Asset-backed securities	—	—	6,020	1.73	9,085	2.19	—	—	15,105	12,796	2.01
Total held-to-maturity	$ —	— %	$ 6,020	1.73 %	$ 27,685	2.66 %	$ —	— %	$ 33,705	$ 29,115	2.49 %

Sources of Funds

General. Deposits have traditionally been our primary source of funds for our lending and investment activities. We also use borrowings, primarily FHLB advances, to supplement cash flows, as needed. In addition, funds are derived from scheduled principal and interest payments on loans and securities, loan payments, securities and security prepayments and maturities, loan prepayments, retained earnings and brokered deposits, income on earning assets. While scheduled loan payments and income on other earning assets are and retained earnings. While cash flows from loans and securities payments can be a relatively stable sources of funds, deposit inflows and outflows can vary widely and are influenced by prevailing interest rates, market conditions and competition.

Deposit Accounts. The substantial majority of our deposits are from depositors who reside in our primary market area. We access attract deposit customers by offering a broad selection of deposit instruments for individuals and businesses.

Deposit account terms vary according to the minimum balance required, the time period that funds must remain on deposit, and the interest rate, among other factors. In determining the terms of our deposit accounts, we consider the rates offered by our competition, our liquidity needs, profitability, and customer preferences. We generally review our deposit pricing on a at least monthly, basis or more frequently as needed, and continually review our deposit mix. Our deposit pricing strategy has been to offer competitive rates, but generally not the highest rates offered in the market, and to periodically offer special rates to attract deposits of a specific type or with a specific term. Deposit pricing is reviewed regularly as warranted by market conditions.

We may supplement customer deposits with listed and brokered deposits. Listed deposits totaled $11.4 million and $40.4 million at December 31, 2023 and $65.3 million at December 31, 2022 and 2021, 2022, respectively. At December 31, 2022, December 31, 2023 and 2022, brokered deposits totaled $125.0 million and $75.0 million. There were no brokered deposits at December 31, 2021.

, respectively.

The flow of deposits is influenced significantly by general economic conditions, changes in money market and other prevailing interest rates and competition. The variety of deposit accounts offered allows us to be competitive in obtaining funds and responding to changes in consumer demand. Based on experience, we believe that our deposits are relatively stable. However, the ability to attract and maintain deposits and the rates paid on these deposits, has been and will continue to be significantly affected by market conditions.

The following table sets forth the distribution of total deposits by account type at the dates indicated.

	At December 31,			
	2022		2021	
	Amount	Percent	Amount	Percent
	(Dollars in thousands)			
Non-interest bearing deposits	$ 37,907	2.94 %	$ 44,894	3.60 %
NOW and demand accounts	410,937	31.88	363,419	29.14
Savings	423,758	32.88	364,932	29.26
Time deposits	416,260	32.30	473,795	38.00
Total	$ 1,288,862	100.00 %	$ 1,247,040	100.00 %

	December 31, 2023		December 31, 2022	
	Amount	Percent	Amount	Percent
	(Dollars in thousands)			
Non-interest bearing deposits	$ 27,739	2.23 %	37,907	2.94 %
NOW and demand accounts	361,139	29.01	410,937	31.88
Savings	259,402	20.84	423,758	32.88
Time deposits	596,624	47.92	416,260	32.30
Total	$ 1,244,904	100.00 %	$ 1,288,862	100.00 %

As of December 31, 2022 December 31, 2023, the aggregate amount of uninsured deposits (deposits (amounts in amounts greater than or equal to excess of $250,000, the maximum amount for federal deposit insurance) was $319.6 million, $245.9 million, or 0.02% of total deposits, of which time deposits in excess of $250,000 (FDIC insurance limit) totaled $43.1 million $35.0 million. Uninsured deposits totaling $80.9 million were deposits of the Company and its subsidiaries and $33.8 million were municipal deposits covered by supplemental insurance on such deposits under New Jersey's Governmental Unit Deposit Protection Act.

The following table sets forth the maturity of time deposits in excess of $250,000 at December 31, 2022 December 31, 2023.

Maturity Period:		At December 31, 2022 (In thousands) (in thousands)
Three months or less	$	7,478 36,905
Over three through six months		4,415 45,514
Over six through twelve months		19,675 17,283
Over twelve months		11,564 828
Total	$	43,132 100,530

Borrowings. Our borrowings consist of advances from the FHLB. At December 31, 2022 December 31, 2023, we had the ability to borrow approximately $638.6 million $717.5 million under our credit facilities with the FHLB, of which $310.5 million $397.5 million was advanced. Borrowings from the FHLB are secured by our investment in the common stock of the FHLB and loans pledged at the FHLB. We also have an unsecured line of $30.0 million with a correspondent bank and we can borrow at the Federal Reserve Bank ("FRB") Discount Window up to the amount of collateral pledged. At December 31, 2023, we had $2.3 million pledged at the FRB. Additionally, the Company had the ability to participate in the Federal Reserve Bank's recently created FRB's Bank Term Funding Program. Program, which expired in March 2024, but had not borrowed under the program.

Subsidiary Activities

Blue Foundry Bancorp has one direct subsidiary, which is Blue Foundry Bank.

At December 31, 2022 December 31, 2023, Blue Foundry Bank has one two active subsidiary, subsidiaries, Blue Foundry Investment Company, a New Jersey corporation formed to manage and invest in securities. securities and TrackView LLC, a limited liability company formed to hold certain real estate owned. The Bank also has five inactive four subsidiaries formed to hold certain real estate owned, of which two are New Jersey corporations: corporations, Rutherford Center Development Corp. and Blue Foundry Service Corporation, and three two are New Jersey limited liability companies: companies, Blue Foundry, LLC and 116-120 Route 23 North, LLC, LLC. In January 2024, the Bank finalized dissolution of three of its inactive subsidiaries, Rutherford Center Development Corp., Blue Foundry Service Corp. and TrackView 116-120 Route 23 LLC.

Employees and Human Capital Resources

At December 31, 2022 December 31, 2023 we employed 198 179 employees, nearly all of whom are full-time and of which approximately 63% 60% are women. At December 31, 2021 December 31, 2022, we employed 175 198 employees. As a financial institution, approximately 40% of our employees are employed at our branch offices, and another 4% are employed at our customer care call center. The success of our business is highly dependent on our employees, who provide value to our customers and communities through their dedication to our mission, which is helping customers achieve financial security. Our workplace culture is grounded in a set of core values – a concern for others, trust, respect, hard work, and a dedication to our customers. We seek to hire well-qualified employees who are also a good fit for our value system. Our selection and promotion processes are without bias and include the active recruitment of minorities, women, individuals with disabilities and veterans, without regard to race, color, religion, sex, LGBTQ+, national origin, disability or protected veteran status.

We encourage and support the growth and development of our employees and, wherever possible, seek to fill positions by promotion and transfer from within the organization. Continual training and career development is advanced through regular performance discussions between employees and their managers, internally developed training programs, customized corporate training engagements and educational reimbursement programs. Reimbursement is available to employees enrolled in pre-approved degree or certification programs at accredited institutions that teach skills or knowledge relevant to our business. The Bank pays for seminars, conferences, and other training events employees attend in connection with their job duties. In addition to the investment in employee professional development, the Bank's benefit and compensation programs are designed to ensure we recruit and retain top talent.

The Bank offers employees a comprehensive health benefits package and structures its bonus program to create meaningful performance-based incentives. To encourage retirement savings, the Bank provides a 401(k) match of on up to 6% of an employee's salary. Eligible employees are automatically enrolled in the plan and 3% of the employee's total taxable compensation is withheld with annual 1% escalations up to 6%. Employees may opt out at any time. Our employees share in In addition, our financial success while preparing for retirement through the Employee Stock Ownership Plan ("ESOP"). The ESOP gives employees an opportunity to accumulate shares of our common stock and is 100% funded by the Company.

The safety, health and wellness of our employees is a top priority. We provide a safely distanced working environment for employees and employees are asked not to come to work when they experience signs or symptoms of a possible COVID-19 illness or any other upper respiratory infectious disease. On an ongoing basis, we further promote the health and wellness of our employees by strongly encouraging work-life balance, offering flexible work schedules keeping the employee portion of health care premiums to a low amount and sponsoring various wellness programs. Our state-of-the-art administrative offices offer our employees access to an onsite gym at no cost. cost and access to a shuttle to and from public transportation. Our offices are equipped with stand-up desks, and the mindfulness room provides a place for employees to take a quiet break from their busy day. Nursing moms have access to a lactation room equipped with a refrigerator and sink for their privacy and convenience.

Supervision and Regulation

The Company and the Bank operate in the highly regulated highly-regulated banking industry. This regulation establishes a comprehensive framework of activities in which a bank holding company and New Jersey savings bank may engage and is intended primarily for the protection of the Deposit Insurance Fund and depositors.

Set forth below is a brief description of certain material regulatory requirements that are applicable to the Bank and the Company. The description is not intended to be a complete list or description of such statutes and regulations and their effects on the Bank and the Company.

Blue Foundry Bank

As a New Jersey-chartered savings bank, the Bank is subject to comprehensive regulation by the NJDOBI, as its chartering authority and, as a federally insured nonmember institution, by the FDIC. The Bank is a member of the FHLB and its deposits are insured up to applicable limits by the FDIC. The Bank is required to file reports with, and is periodically examined by, the FDIC and the NJDOBI concerning its activities and financial condition and must obtain regulatory approvals before entering into certain transactions, including mergers with or acquisitions of other financial institutions. The regulatory structure also gives the regulatory authorities extensive discretion in connection with their supervisory and enforcement activities and examination policies, including policies regarding classifying assets and establishing an adequate allowance for loan credit losses on loans for regulatory purposes.

New Jersey Banking Laws and Supervision

Activity Powers. The Bank derives its lending, investment and other activity powers primarily from the New Jersey Banking Act and its related regulations. Under these laws and regulations, savings banks, including Blue Foundry the Bank, generally may invest in:

- real estate mortgages;
- consumer and commercial loans;
- specific types of debt securities, including certain corporate debt securities and obligations of federal, state and local governments and agencies;
- certain types of corporate equity securities; and
- certain other assets.

A savings bank may also make other investments pursuant to “leeway” authority that permits investments not otherwise permitted by the New Jersey Banking Act. Leeway investments must comply with a number of limitations on the individual and aggregate amounts of leeway investments. A savings bank may also exercise trust powers upon approval of the NJDOBI. New Jersey savings Savings banks also may exercise those powers, rights, benefits or privileges authorized for national banks or out-of-state banks or for federal or out-of-state savings banks or savings associations, provided that before exercising any such power, right, benefit or privilege, prior approval by the NJDOBI by regulation or by specific authorization is required. The exercise of these lending, investment and activity powers is limited by federal law and regulations. See “—Federal “Federal Bank Regulation— Regulation Activities and Investments” below. Certain corporate transactions by a savings bank, such as establishing branches and acquiring other banks, require the prior approval of the NJDOBI.

Loan-to-One-Borrower Loans-to-One-Borrower Limitations. With certain specified exceptions, a New Jersey-chartered savings bank may not make loans or extend credit to a single borrower or to entities related to the borrower in an aggregate amount that would exceed 15% of the bank's capital funds. A savings bank may lend an additional 10% of the bank's capital funds if secured by collateral meeting the requirements of the New Jersey Banking Act. The Bank currently complies with applicable loan-to-one-borrower loans-to-one-borrower limitations.

Dividends. Under the New Jersey Banking Act, a stock savings bank may declare and pay a dividend on its capital stock only to the extent that the payment of the dividend would not impair the capital stock of the savings bank. In addition, a savings bank may not pay a dividend unless the savings bank would have a surplus of not less than 50% of its capital stock after the payment of the dividend or, alternatively, the payment of the dividend would not reduce the surplus. Federal law may also limit the amount of dividends that may be paid by the Bank. See "Federal Bank Regulation—Prompt Corrective Regulatory Action" below.

Minimum Capital Requirements. Regulations of the NJDOBI impose on New Jersey-chartered depository institutions, including the Bank, minimum capital requirements generally similar to those imposed by the FDIC on insured state banks. See "Federal Bank Regulation—Capital Requirements."

Examination and Enforcement. The NJDOBI may examine the Bank as it deems advisable. It typically examines the Bank at least every two years, typically alternating exams with the FDIC such that the Bank is subject to regulatory examination every year. Regulated institutions are assessed for expenses incurred by the NJDOBI.

The NJDOBI has authority to enforce applicable law and prevent practices that may cause harm to an institution, including the issuance of cease and desist orders and civil money penalties and removal of directors, officers and employees. The NJDOBI also has authority to appoint a conservator or receiver for a savings bank under certain circumstances such as insolvency or unsafe or unsound condition to transact business.

Federal Bank Regulation

***Supervision and Enforcement Authority*.** The Bank is subject to extensive regulation, examination and supervision by the FDIC as its primary federal prudential regulator and the insurer of its deposits. The regulatory structure gives the FDIC extensive discretion in connection with its supervisory and enforcement activities and examination policies, including policies with respect to the classification of assets and the establishment of an adequate allowance for loan credit losses on loans for regulatory purposes.

The Bank must file reports with the FDIC concerning its activities and financial condition. It must also obtain prior FDIC approval before entering into certain corporate transactions such as establishing new branches and mergers with, or acquisitions of, other financial institutions. There are periodic examinations by the FDIC to evaluate the Bank's safety and soundness and compliance with various regulatory requirements.

The FDIC maintains substantial enforcement authority over regulated institutions. That includes, among other things, the ability to assess civil money penalties, issue cease and desist orders and remove directors and officers. In general, enforcement actions against institutions may be initiated in response to violations of laws and regulations or unsafe or unsound practices; the FDIC may also bring enforcement actions against directors and officers on these bases and for breaches of fiduciary duty and unsafe or unsound practices. duty. The FDIC may also appoint itself as conservator or receiver for an insured bank under specified circumstances, including: (1) insolvency; (2) substantial dissipation of assets or earnings

through violations of law or unsafe or unsound practices; (3) the existence of an unsafe or unsound condition to transact business; (4) insufficient capital; or (5) the incurrence of losses that will deplete substantially all of the institution's capital with no reasonable prospect of replenishment without federal assistance.

Capital Requirements. Under FDIC regulations, the Bank must meet several minimum capital standards: a common equity Tier 1 capital to risk-based assets ratio, a Tier 1 capital to risk-based assets ratio, a total capital to risk-based assets ratio, and a Tier 1 capital to average total assets leverage ratio. The capital requirements are based on recommendations of the Basel Committee on Banking Supervision and certain requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"). The FDIC also has authority to establish individual minimum capital requirements in appropriate cases upon determination that an institution's capital level is, or is likely to become, inadequate in light of the particular circumstances.

The capital standards require the maintenance of common equity Tier 1 capital, Tier 1 capital and total capital to risk-weighted assets asset ratios of at least 4.5%, 6% and 8%, respectively, and a Tier 1 leverage ratio of at least 4% of average total assets. Tier 1 capital. Common equity Tier 1 capital is generally defined as common shareholders' equity and retained earnings. Tier 1 capital is generally defined as common equity Tier 1 and Additional Tier 1 capital. Additional Tier 1 capital generally includes certain noncumulative perpetual preferred stock and related surplus and minority interests in equity accounts of consolidated subsidiaries. Total capital includes Tier 1 capital (common equity Tier 1 capital plus Additional Tier 1 capital) and Tier 2 capital. Tier 2 capital is comprised of capital instruments and related surplus meeting specified requirements, and may include cumulative preferred stock and long-term perpetual preferred stock, mandatory convertible securities, intermediate preferred stock and subordinated debt. Also included in Tier 2 capital is the allowance for loan and lease credit losses on loans limited to a maximum of 1.25% of risk-weighted assets and, for institutions that have exercised an opt-out election regarding the treatment of Accumulated Other Comprehensive Income ("AOCI"), up to 45% of net unrealized gains on available-for-sale equity securities with readily determinable fair market values. Institutions that have not exercised the AOCI opt-out have AOCI incorporated into common equity Tier 1 capital (including unrealized gains and losses on available-for-sale-securities). The Bank exercised the opt-out election regarding the treatment of AOCI. Calculation of all types of regulatory capital is subject to deductions and adjustments specified in the regulations.

In determining the amount of risk-weighted assets for purposes of calculating risk-based capital ratios, a bank's assets, including certain off-balance sheet assets (e.g., recourse obligations, direct credit substitutes, residual interests), are multiplied by a risk weight factor assigned by the regulations based on perceived risks inherent in the type of asset. Higher levels of capital are required for asset categories believed to present greater risk. For example, a risk weight of 0% is assigned to cash and U.S. government securities, a risk weight of 50% is generally assigned to prudently underwritten first lien one-to-four family residential mortgages, a risk weight of 100% is assigned to commercial and consumer loans, a risk weight of 150% is assigned to certain past due loans and a risk weight of between 0% to 600% is assigned to permissible equity interests, depending on certain specified factors.

In addition to establishing the minimum regulatory capital requirements, the regulations limit capital distributions and certain discretionary bonus payments to management if an institution does not hold a "capital conservation buffer" of 2.5%, effectively resulting in the following minimum ratios: (1) a common equity Tier 1 capital ratio of 7.0%, (2) a Tier 1 to risk-based assets capital ratio of 8.5%, and (3) a total capital ratio of 10.5%.

Federal legislation enacted in 2018 required the federal banking agencies, including the FDIC, to adopt a rule implementing a simplified "community bank leverage" ratio alternative for institutions with assets of less than $10 billion that meet other specified criteria. Pursuant to federal legislation enacted in 2020, the community bank leverage ratio was set at 9% for 2022 and thereafter. A qualifying community bank that exercises the election and has capital equal to or exceeding the applicable percentage is considered compliant with all applicable regulatory capital requirements. Qualifying institutions may elect to utilize the community bank leverage ratio in lieu of the generally applicable risk-based capital requirements.

A qualifying institution may opt in and out of the community bank leverage ratio framework on its quarterly call report. As of December 31, 2022 December 31, 2023, the Bank has not opted into the community bank leverage ratio framework.

The FDIC also has authority to establish individual minimum capital requirements in appropriate cases upon determination that an institution's capital level is, or is likely to become, inadequate in light of the particular circumstances.

At December 31, 2022 December 31, 2023, the Bank exceeded each of its capital requirements.

Standards for Safety and Soundness. As required by statute, the federal banking agencies have adopted final regulations and Interagency Guidelines Establishing Standards for Safety and Soundness. The guidelines set forth the safety and soundness standards the federal banking agencies use to identify and address problems at insured depository institutions before capital becomes impaired. The guidelines address internal controls and information systems, internal audit systems, credit underwriting, loan documentation, interest rate exposure, asset growth, asset quality, earnings and compensation, fees and benefits. The agencies have also established standards for safeguarding customer information. If the appropriate federal banking agency determines that an institution fails to meet any standard prescribed by the guidelines, the agency may require the institution to submit to the agency an acceptable plan to achieve compliance with the standard.

Activities and Investments. Federal law provides that a state-chartered bank insured by the FDIC generally may not engage as a principal in any activity not permissible for a national bank to conduct or make any equity investment of a type or in an amount not authorized for national banks, notwithstanding state law, subject to certain exceptions. For example, state-chartered banks may, with FDIC approval, continue to exercise state authority to invest in common or preferred stocks listed on a national securities exchange or the Nasdaq Market and to invest in shares of investment companies registered under the Investment Company Act of 1940. The maximum permissible investment is 100% of Tier 1 Capital, as specified by the FDIC's regulations, or the maximum amount permitted by New Jersey law, whichever is less. Such grandfathered authority terminates upon a change in the institution's charter or a change in control.

In addition, the FDIC is authorized to permit a state-chartered bank or savings bank to engage in state-authorized activities or investments not permissible for national banks (other than non-subsidiary equity investments) if it meets all applicable capital requirements and it is determined that the activities or investments involved do not pose a significant risk to the Deposit Insurance Fund. The FDIC has adopted procedures for institutions seeking approval to engage in such activities or investments. In addition, a nonmember bank may control a subsidiary that engages in activities as principal that would only be permitted for a national bank to conduct in a "financial subsidiary" if a bank meets specified conditions and deducts its investment in the subsidiary for regulatory capital purposes.

Interstate Banking and Branching. Federal law permits well capitalized and well managed bank holding companies to acquire banks in any state, subject to Federal Reserve Board approval, certain concentration limits and other specified conditions. Interstate mergers of banks are also authorized, subject to regulatory approval and other specified conditions. In addition, banks may establish de novo branches on an interstate basis at any location where a bank chartered under the laws of the branch location host state may establish a branch.

Prompt Corrective Regulatory Action. Federal law requires, among other things, that federal bank regulatory authorities take "prompt corrective action" with respect to banks that do not meet minimum capital requirements. For these purposes, the law establishes five capital categories: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized.

The FDIC has adopted regulations to implement the prompt corrective action legislation. An institution is considered "well capitalized" if it has a total risk-based capital ratio of 10.0% or greater, a Tier 1 risk-based capital ratio of 8.0% or greater, a leverage ratio of 5.0% or greater and a common equity Tier 1 ratio of 6.5% or greater. An institution is considered "adequately capitalized" if it has a total risk-based capital ratio of 8.0% or greater, a Tier 1 risk-based capital ratio of 6.0% or greater, a leverage ratio of 4.0% or greater and a common equity Tier 1 ratio of 4.5% or greater. An institution is considered "undercapitalized" if it has a total risk-based capital ratio of less than 8.0%, a Tier 1 risk-based capital ratio of less than 6.0%, a leverage ratio of less than 4.0% or a common equity Tier 1 ratio of less than 4.5%. An institution is considered "significantly undercapitalized" if it has a total risk-based capital ratio of less than 6.0%, a

Tier 1 risk-based capital ratio of less than 4.0%, a leverage ratio of less than 3.0% or a common equity Tier 1 ratio of less than 3.0%. An institution is considered "critically undercapitalized" if it has a ratio of tangible equity (as defined in the regulations) to total assets equal to or less than 2.0%. At December 31, 2022 December 31, 2023, the Bank was classified as a "well capitalized" institution.

institution under these definitions.

At each successive lower capital category, an insured depository institution is subject to additional operating restrictions, including limits on growth and a prohibition on the payment of dividends and other capital distributions. Furthermore, if an insured depository institution is classified in one of the undercapitalized categories, it is required to submit a capital restoration plan to the appropriate federal banking agency. An undercapitalized bank's compliance with a capital restoration plan must be guaranteed by any company that controls the undercapitalized institution in an amount equal to the lesser of 5.0% of the institution's total assets when deemed undercapitalized or the amount necessary to achieve the status of adequately capitalized. If an "undercapitalized" bank fails to submit an acceptable capital restoration plan, it is treated as if it is "significantly undercapitalized." "Significantly undercapitalized" banks must comply with one or more of a number of possible additional restrictions, including an order by the FDIC to sell sufficient voting stock to become adequately capitalized, reduce total assets, cease receipt of deposits from correspondent banks, dismiss directors or officers, or to limit interest rates paid on deposits, compensation of executive officers or capital distributions by the parent holding company. "Critically undercapitalized" institutions are subject to additional measures including, subject to a narrow exception, the appointment of a receiver or conservator within 270 days after it is determined to be critically undercapitalized.

A bank that is classified as well-capitalized, adequately capitalized or undercapitalized may be treated as though it were in the next lower capital category if the FDIC, after notice and opportunity for hearing, determines that an unsafe or unsound condition, or an unsafe or unsound practice, warrants such treatment.

Transaction with Affiliates and Regulation W of the Federal Reserve Regulations// Loans to Insiders. Insiders and Regulation O. Transactions between banks and their affiliates are governed by federal law. Generally, Section 23A of the Federal Reserve Act, applicable to FDIC-insured state nonmember banks by Section 18(j) of the Federal Deposit Insurance Act, and the Federal Reserve Board's Regulation W prohibit a bank and its subsidiaries from engaging in a "covered transaction" with an affiliate if the aggregate amount of covered transactions outstanding with that affiliate, including the proposed transaction, would exceed an amount equal to 10.0% of the bank's capital stock and surplus. The aggregate amount of covered transactions outstanding with all affiliates is limited to 20.0% of the bank's capital stock and surplus. The term "covered transaction" includes, among other things, making loans to, purchasing assets from, and issuing guarantees to an affiliate, as well as other similar transactions. Section 23B of the Federal Reserve Act applies to "covered transactions," as well as to certain other transactions, and requires that all such transactions be on terms and under circumstances that are substantially the same as, or at least as favorable to, the institution or subsidiary as prevailing market terms for comparable transactions with or involving a non-affiliate. The term "covered transaction" includes making loans to, purchasing assets from, and issuing guarantees to an affiliate, and other similar transactions. Section 23B transactions also include the bank's providing services and selling assets to an affiliate. In addition, loans or other extensions of credit by a bank to an affiliate are required to be collateralized according to the requirements set forth in Section 23A of the Federal Reserve Act.

A bank's loans to its executive officers, directors, any owner of 10% or more of its stock (each, an insider) and any of certain entities affiliated with controlled by any such person (an insider's related interest) interests), as well as loans to insiders of affiliates and such insiders' related interests, are subject to the conditions and limitations imposed by Section 22(h) of the Federal Reserve Act and its implementing regulations. regulation, Regulation O. Under these restrictions, the aggregate amount of the loans to any insider and the insider's related interests may not exceed the loans-to-one-borrower limit applicable to national banks, which is comparable to the loans-to-one-borrower limit applicable to the Bank's loans. See "New Jersey Banking Laws and Supervision—Loan-to-One Borrower Limitations." All loans by a bank to all insiders and insiders' related interests in the aggregate may not exceed the bank's unimpaired capital and unimpaired surplus. Loans to an executive officer, other than loans for the education of the officer's children and certain loans secured by the officer's residence, may not exceed the lesser of (1) $100,000 or (2) the greater of $25,000 or 2.5% of the bank's unimpaired capital and surplus. The regulations require surplus, and in no event may exceed $100,000. Regulation O requires that any proposed loan to an insider, or a related interest of that insider, be approved in advance by a majority of the Board of Directors of the bank, with any interested directors not participating directly or indirectly in the voting, if that loan, combined with previous loans by the bank to the insider and his or her related interests, exceeds specified amounts. Generally, such loans must be made on substantially the same terms as, and follow credit underwriting procedures that are not less stringent than, those that

are prevailing at the time for comparable transactions with other persons. As of December 31, 2022 the Bank does not have a material balance of such loans.

The regulations contain non-insiders or non-employees. Regulation O contains a general exception for extensions of credit made pursuant to a benefit or compensation plan of a bank that is widely available to employees of the bank and that does not give any preference to insiders of the bank over other employees.

As of December 31, 2023, the Bank does not have any such loans.

In addition, federal law prohibits extensions of credit to a bank's insiders and their related interests by any other institution that has a correspondent banking relationship with the bank, unless such extension of credit is on substantially the same terms as those prevailing at the time for comparable transactions with other persons and does not involve more than the normal risk of repayment or present other unfavorable features.

The New Jersey Banking Act imposes conditions and limitations on the liabilities to a savings bank of its directors and executive officers and of corporations and partnerships controlled by such persons, that are comparable in many respects to the conditions and limitations imposed on the loans and extensions of credit to insiders and their related interests under federal law, as discussed above. The New Jersey Banking Act also provides that a savings bank that is in compliance with federal law is deemed to be in compliance with such provisions of the New Jersey Banking Act.

Federal Insurance of Deposit Accounts. The Bank is a member of the Deposit Insurance Fund, which is administered by the FDIC. Deposit accounts in the Bank are insured up to a maximum of $250,000 for each separately insured depositor.

The FDIC assesses all insured depository institutions. An institution's assessment rate depends upon the perceived risk to the Deposit Insurance Fund of that institution, with less risky institutions paying lower rates. Currently, assessments for institutions of less than $10 billion of total assets are based on financial measures and supervisory ratings derived from statistical models estimating the probability of failure within three years. Assessment rates (inclusive of possible adjustments) ranged from 1.5 2.5 to 30 32 basis points of each institution's total assets less tangible capital effective December 31, 2022 January 1, 2023.

The FDIC has authority to increase the range of assessments and adopted a final rule in October 2022 to increase initial base deposit assessment rates by two basis points beginning in the first quarterly assessment period of 2023. As a result, effective January 1, 2023, assessment rates for institutions of the Bank's size will range from 2.5 to 32 basis points.

Insurance of deposits may be terminated by the FDIC upon a finding that the institution has engaged in unsafe or unsound practices, is in an unsafe or unsound condition to continue operations or has violated any applicable law, regulation, rule, order or regulatory condition imposed in writing. We do not know of any practice, condition or violation that might lead to termination of the Bank's deposit insurance.

Federal Deposit Insurance Corporation Improvement Act ("FDICIA"). The Bank, having over $500 million in total assets, is subject to requirements of Section 112 of FDICIA ("FDICIA 112"). The primary purpose of FDICIA 112 is to provide a framework for early risk identification in financial management through an effective system of internal controls. Annual reporting requirements under FDICIA are as follows: (1) annual audited financial statements; (2) management report stating management's responsibility for preparing the institution's annual financial statements, establishing and maintaining an adequate internal control structure and procedures for financial reporting and for complying with laws and regulations, and assessment by management of the institution's compliance with such laws and regulations; and (3) for insured depository institutions with consolidated total assets over $1.0 billion or more, such as the Bank, the independent public accountant who audits the institution's financial statements shall examine, attest to, and report separately on the assertion of management concerning the effectiveness of the institution's internal control structure and procedures for financial reporting.

Privacy Regulations. Federal law and regulations generally requires that the Bank disclose its privacy policy, including identifying with whom it shares a customer's "non-public personal information," to customers at the time of establishing the customer relationship. In addition, financial institutions are generally required to furnish their

customers a privacy notice annually. However, a provision of the Fixing America's Surface Transportation Act enacted in 2015 provides an exception from the annual notice requirement if a financial institution does not share non-public personal information with non-affiliated third parties (other than as permitted under certain exceptions) and its policies and practices regarding disclosure of non-public personal information have not changed since the last distribution of its policies and practices to its customers. In addition, the Bank is required to provide its customers with the ability to "opt-out" of having their personal information shared with unaffiliated third parties and to not disclose account numbers or access codes to non-affiliated third parties for marketing purposes.

Community Reinvestment Act. Under the Community Reinvestment Act or "CRA," ("CRA"), as implemented by the FDIC, a state nonmember bank has a continuing and affirmative obligation, consistent with its safe and sound operation, to help meet the credit needs of its entire community, including low- and moderate-income neighborhoods. The CRA does not establish specific lending requirements or programs for financial institutions nor does it limit an institution's discretion to develop the types of products and services that it believes are best suited to its particular community, consistent with the CRA. The CRA requires the FDIC, in connection with its examination of each state non-member bank, to assess the institution's record of meeting the credit needs of its community and to take such record into account in its evaluation of certain applications by such institution, including applications to establish branches and acquire other financial institutions. The CRA requires the FDIC to provide a written evaluation of an institution's CRA performance utilizing a four-tiered descriptive rating system. The Bank's most recent FDIC CRA rating in March 2021 was "Satisfactory." On October 24, 2023, the FDIC, the Federal Reserve Board, and the Office of the Comptroller of the Currency issued a final rule to strengthen and modernize the CRA regulations. Under the final rule, banks with assets of at least $2 billion as of December 31 in both of the prior two calendar years will be a "large bank." The agencies will evaluate large banks under four performance tests: the Retail Lending Test, the Retail Services and Products Test, the Community Development Financing Test, and the Community Development Services Test. The applicability date for the majority of the provisions in the CRA regulations is January 1, 2026, and additional requirements will be applicable on January 1, 2027.

Consumer Protection and Fair Lending Regulations. The Bank is subject to a variety of federal and New Jersey statutes and regulations that are intended to protect consumers and prohibit discrimination in the granting of credit. These statutes and regulations provide for a range of sanctions for non-compliance with their terms, including imposition of administrative fines cease-and-desist orders and remedial orders, civil money penalties, and referral to the U.S. Attorney General for prosecution of a civil action for seeking actual and punitive damages and injunctive relief. Certain of these statutes, including Section 5 of the Federal Trade Commission Act, which prohibits unfair and deceptive acts and practices against consumers, authorize private individual and class action lawsuits and the award of actual, statutory and punitive damages and attorneys' fees for certain types of violations. consumers. Federal laws also prohibit unfair, deceptive or abusive acts or practices against consumers, which can be enforced by the Consumer Financial Protection Bureau, the FDIC and state attorneys general.

Federal Home Loan Bank System

The Bank is a member of the Federal Home Loan Bank System, which consists of 11 regional Federal Home Loan Banks. The Federal Home Loan Banks provide a central credit facility primarily for member institutions. The Bank, as a member of the FHLB, is required to acquire and hold shares of capital stock in the FHLB. The Bank was in compliance with this requirement at December 31, 2022 December 31, 2023.

Holding Company Regulation

***Federal Holding Company Regulation*.** The Company is a bank holding company registered with the Federal Reserve Board and is subject to regulations, examination, supervision and reporting requirements applicable to bank holding companies. In addition, the Federal Reserve Board will have has enforcement authority over the Company and its non-savings bank subsidiaries. Among other things, this authority permits the Federal Reserve Board to restrict or prohibit activities that are determined to be a serious risk to the subsidiary savings bank.

A bank holding company is generally prohibited from engaging in non-banking activities, or acquiring direct or indirect control of more than 5% of the voting securities of any company engaged in non-banking activities. One of the principal exceptions to this prohibition is for activities the Federal Reserve Board had determined to be so closely related to banking or managing or controlling banks as to be a proper incident thereto. Some of the principal activities that the Federal Reserve Board has determined by regulation to be so closely related to banking are: (1) making or servicing loans; (2) performing certain data processing services; (3) providing discount brokerage services; (4) acting as fiduciary, investment or financial advisor; (5) leasing personal or real property; (6) making investments in corporations or projects designed primarily to promote community welfare; and (7) acquiring a

savings and loan association whose direct and indirect activities are limited to those permitted for bank holding companies.

The Gramm-Leach-Bliley Act of 1999 authorizes a bank holding company that meets specified conditions, including that its depository institution subsidiaries are “well capitalized” and “well managed,” to opt to become a “financial holding company.” A “financial holding company” may engage in a broader range of financial activities than a bank holding company. Such activities may include insurance underwriting and investment banking. Blue Foundry Bancorp The Company has no plans to elect “financial holding company” status at this time.

Capital. Federal legislation required the Federal Reserve Board to establish minimum consolidated capital requirements for bank and savings and loan holding companies that are as stringent as those applicable to their insured depository subsidiaries. However, subsequent federal legislation exempted from the applicability of the consolidated capital requirements bank holding companies with less than $3.0 billion in consolidated assets, such as the Company, unless otherwise advised by the Federal Reserve Board.

Source of Strength. Federal law provides that bank and savings and loan holding companies must act as a source of strength to their subsidiary depository institution. The expectation is that the bank holding company will provide capital, liquidity and other support for the institution in times of financial stress.

Stock Repurchases and Dividends. A bank holding company is generally required to give the Federal Reserve Board prior written notice of any purchase or redemption of its outstanding equity securities if the gross consideration for the purchase or redemption, when combined with the net consideration paid for all such purchases or redemptions during the preceding 12 months, is equal to 10% or more of the company’s consolidated net worth. The Federal Reserve Board may disapprove such a purchase or redemption if it determines that the proposal would constitute an unsafe and unsound practice, or would violate any law, regulation, Federal Reserve Board order or directive, or any condition imposed by, or written agreement with, the Federal Reserve Board. There is an exception to this approval requirement for well-capitalized bank holding companies that meet certain other conditions.

Additionally, under the prompt corrective action laws, the ability of a bank holding company to pay dividends may be restricted if a subsidiary bank becomes undercapitalized.

Notwithstanding the above, the Federal Reserve Board has issued a supervisory bulletin regarding the payment of dividends and repurchase or redemption of outstanding shares of stock by bank and holding companies. In general, the Federal Reserve Board's policy is that dividends should be paid only out of current earnings and only if the prospective rate of earnings retention by the bank holding company appears consistent with the organization's capital needs, asset quality and overall financial condition. The supervisory bulletin provides for prior consultation with and review of proposed dividends by the Federal Reserve Board in certain cases, such as where a proposed dividend exceeds earnings for the period for which the dividend would be paid (e.g., calendar quarter) or where the company's net income for the past four quarters, net of dividends previously paid over that period, is insufficient to fully fund a proposed dividend.

The supervisory bulletin also indicates that a bank holding company should notify the Federal Reserve Board, under certain circumstances, prior to redeeming or repurchasing common stock or perpetual preferred stock. The specified circumstances include where a holding company is experiencing financial weaknesses or where the repurchase or redemption would result in a net reduction, as of the end of a quarter, in the amount of such equity instruments outstanding compared with the beginning of the quarter in which the redemption or repurchase occurred. Even outside of these circumstances, the Federal Reserve Board expects as a matter of practice to have notice and opportunity for non-objection before such an action is taken. The supervisory bulletin indicates that such notification is for purposes of allowing to allow Federal Reserve Board supervisory review of, and possible objection to, the proposed repurchases or redemption. These regulatory policies could affect the ability of Blue Foundry Bancorp the Company to pay dividends, engage in stock repurchases or otherwise engage in capital distributions.

Acquisition. The Change in Bank Control Act provides that no person may acquire control of a bank holding company, such as the Company, without the prior non-objection or approval of the Federal Reserve Board. Control,

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as defined under the Change in Bank Control Act, means ownership, control of or the power, to vote 25% or more of any class of voting securities of the company. Acquisition of 10% or more of any class of a bank holding company's voting securities constitutes a rebuttable presumption of control under certain circumstances, including where, as is the case with the Company, the issuer has registered securities under Section 12 of the Exchange Act.

In addition, the Bank Holding Company Act provides that no company may acquire control of a bank or bank holding company within the meaning of that statute without having first obtained the approval of the Federal Reserve Board. A company that acquires control of a bank or bank holding company for purposes of the Bank Holding Company Act becomes a "bank holding company" subject to registration, examination and regulation by the Federal Reserve Board.

New Jersey law establishes similar filing and prior approval requirements as to the NJDOBI for direct or indirect acquisitions of New Jersey chartered institutions.

Federal Securities Laws

The Company's common stock is registered with the Securities and Exchange Commission. Blue Foundry Bancorp The Company is subject to the information, proxy solicitation, insider trading restrictions and other requirements under the Exchange Act.

Emerging Growth Company Status. We are an emerging growth company. For as long as we continue to be an emerging growth company, we have elected to take advantage of exemptions from various reporting requirements applicable to other public companies but not to "emerging growth companies," including, but not limited to, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. As an emerging growth company, we also will not be subject to Section 404(b) of the Sarbanes-Oxley Act of 2002, which would require that our independent auditors review and attest as to the effectiveness of our internal control over financial reporting. We have also elected to use the extended transition period to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. If the Company were to subsequently elect not to use this extended transition period, such election would be irrevocable. Due to our use of the extended transition period, our financial statements may not be comparable to the financial statements of public companies that comply with such new or revised accounting standards.

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A company loses emerging growth company status on the earlier of: (1) the last day of the fiscal year of the company during which it had total annual gross revenues of $1.07 billion or more; (2) the last day of the fiscal year of the issuer following the fifth anniversary of the date of the first sale of common equity securities of the company pursuant to an effective registration statement under the Securities Act; (3) the date on which such company has, during the previous three-year period, issued more than $1.0 billion in non-convertible debt; or (4) the date on which such company is deemed to be a "large accelerated filer" under Securities and Exchange Commission regulations (generally, a "large accelerated filer" is defined as a corporation with at least $700 million of voting and non-voting equity held by non-affiliates).

Sarbanes-Oxley Act of 2002

The Sarbanes-Oxley Act of 2002 was enacted to improve corporate responsibility, provide for enhanced penalties for accounting and auditing improprieties at publicly traded companies and protect investors by improving the accuracy and reliability of corporate disclosures pursuant to the securities laws. The Company has policies, procedures and systems designed to comply with these this Act and its implementing regulations.

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TAXATION

Federal Taxation

General. The Company and the Bank are subject to federal income taxation in the same general manner as other corporations, with some exceptions discussed below. The following discussion of federal taxation is intended only to summarize material federal income tax matters and is not a comprehensive description of the tax rules applicable to the Company and the Bank.

Method of Accounting. For federal income tax purposes, the Company currently reports its income and expenses on the accrual method of accounting and uses a tax year ending December 31 for filing its federal income tax returns.

Net Operating Loss Carryovers. Effective with the passage of the Tax Cuts and Jobs Act, net operating loss carrybacks are no longer permitted, and net operating losses are allowed to be carried forward indefinitely. Net operating loss carryforwards arising from tax years beginning after January 1, 2018 are limited to offset a maximum of 80% of a future year's taxable income. At December 31, 2022 December 31, 2023, the Company had $25.8 million $33.0 million in net operating loss carryovers. The Company contributed $9.0 million to the Blue Foundry Charitable Foundation, and the deferred benefit has a 5 year five-year carryforward limitation.

Capital Loss Carryovers. Generally, a financial institution may carry back capital losses to the preceding three taxable years and forward to the succeeding five taxable years. Any capital loss carryback or carryover is treated as a short-term capital loss for the year to which it is carried. As such, it is grouped with any other capital losses for the year to which carried and is used to offset any capital gains. Any loss remaining after the five-year carryover period that has not been deducted is no longer deductible. At December 31, 2022 December 31, 2023, the Company had no capital loss carryovers. See discussion on Deferred Tax valuation Allowance on the next page of this document.

Corporate Dividends. We may generally exclude from our income 100% of dividends received from the Bank as a member of the same affiliated group of corporations.

Audit of Tax Returns. The Company's federal income tax returns have not been audited in the last three years.

State Taxation

New Jersey State Taxation. In 2014, tax legislation was enacted that changed the manner in which financial institutions and their affiliates are taxed in New Jersey. Taxable income is apportioned to New Jersey based on the location of the taxpayer's customers, with special rules for income from certain financial transactions. The location of the taxpayer's offices and branches are not relevant to the determination of income apportioned to New Jersey. The state of New Jersey applies a surtax based on the tax base within the state, applying a 6.5%, 7.5% or 9% rate. Given the Company has available net operating losses for the period, the statutory rate that would apply to the tax base in 2022 is 6.5%. An alternative tax on apportioned capital, capped at $5.0 million for a tax year, is imposed to the extent that it exceeds the tax on apportioned income. The New Jersey alternative tax rate was 0.05% for 2019, 0.025% for 2020 and was completely phased out as of January 1, 2021. Qualified community banks and thrift institutions that maintain a qualified loan portfolio are entitled to a specially computed modification that reduces the income taxable to New Jersey. The Company had New Jersey net operating loss carryforwards totaling $26.4 million $33.0 million, the majority of which will expire in 19.0 years 18 years.

The Company's New Jersey State income tax returns were subject to an audit for the years 2015 through 2018, which concluded in January 2022 without findings.

New York State Taxation. The Company files New York State tax returns on a calendar year basis. New York State imposes a corporate income tax, based on net income allocable to New York State at a rate of 6.5%. In April 2021, legislation increased the corporate franchise tax rate to 7.25% for tax years beginning on or after January

1, 2021 January 1, 2021 and before January 1, 2024 for taxpayers with a business income base greater than $5 million. In addition, the scheduled phase-out of the capital base tax was delayed. The rate of the capital base was to have been 0% starting in 2021. The legislation imposed a tax rate of 0.1875% for tax years beginning on or after January 1, 2021 and before January 1, 2024, with the 0% rate to take effect in 2024. New York State also imposes the Metropolitan Transportation Authority ("MTA") Tax Surcharge allocable to business activities carried on in the Metropolitan Commuter Transportation District. The MTA surcharge rate for 2021 was 30.0%, and will remain at 30.0% for tax years beginning on or after January 1, 2022, and before January 1, 2023.

New York City Taxation. The Company is also subject to the New York City Financial Corporation Tax calculated, subject to a New York City income and expense allocation, on a similar basis as the New York State Tax, at a rate of 8.85%.

Pennsylvania State Taxation. The Bank is subject to Pennsylvania Mutual Thrift Institutions Tax imposed at the rate of 11.5% on net taxable income of mutual thrift institutions in Pennsylvania, including savings banks without capital stock, building and loan associations, savings and loan associations, and savings institutions having capital stock.

Delaware State Taxation. As a Delaware business corporation not earning income in Delaware, the Company is exempt from Delaware corporate income tax but is required to file an annual report with and pay franchise taxes to the state of Delaware.

Connecticut State Taxation. The Company is subject to Corporate Income Tax in Connecticut at a rate of 7.5% and is expected to be taxpaying in this jurisdiction.

Deferred Tax Valuation Allowance

Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. A significant piece of objective negative evidence evaluated was the cumulative loss incurred over the three-year period ended December 31, 2022 December 31, 2023. Such objective evidence limits the ability to consider other subjective evidence, such as our projections for future growth.

On the basis of this evaluation, a valuation allowance was established at December 31, 2021, for both federal and state net deferred tax assets. For the year ended December 31, 2022 December 31, 2023, a valuation allowance of $22.6 million $24.1 million has been maintained for against our net deferred tax. tax asset. The amount of the deferred tax asset considered realizable could be adjusted if estimates of future taxable income increased or if objective negative evidence in the form of cumulative losses is no longer present and additional weight is given to subjective evidence such as our projections for growth.

ITEM 1.A 1A. RISK FACTORS

Risks Related to Interest Rate Risk

Future changes in interest rates may reduce any future profits.

Like most financial institutions, whether we are profitable or not depends to a large extent upon our net interest income, which is the difference between our interest income on interest-earning assets, such as loans and securities, and our interest expense on interest-bearing liabilities, such as deposits and borrowed funds. Accordingly, our results of operations depend largely on movements in market interest rates and our ability to manage our interest-rate sensitive assets and liabilities in response to these movements. Factors such as inflation, recession and instability in financial markets, among other factors beyond our control, may affect interest rates. For the year ended December 31, 2022 December 31, 2023, we had net income recorded a loss of $2.4 million $7.4 million.

Our financial condition and results of operations are significantly affected by changes in market interest rates, and the degree to which these changes disparately impact short-term and long-term interest rates and influence the behavior of our customer base. Our results of operations substantially depend on our net interest income, which is the difference between the interest income we earn on our interest earning assets and the interest expense we pay on our interest-bearing liabilities. A flattening yield curve, or one that inverts, could negatively impact our net interest margin and earnings.

As the Federal Reserve continues to raise interest rates, our interest-bearing liabilities may be subject to repricing or maturing more quickly than our interest-earning assets. If short-term rates increase rapidly, we may have to increase the rates we pay on our deposits and borrowed funds more quickly than we can increase the interest rates we earn on our loans and investments, resulting in a negative effect on interest spreads and net interest income. In addition, the effect of rising rates could be compounded if deposit customers move funds into higher yielding accounts or are lost to competitors offering higher rates on their deposit products. Conversely, should market interest rates fall below current levels, our net interest income could also be negatively affected if competitive pressures prevent us from reducing rates on our deposits, while the yields on our assets decrease through loan prepayments and interest rate adjustments.

Changes in interest rates also affect the value of our interest-earning assets and in particular our securities portfolio. Generally, the value of securities fluctuates inversely with changes in interest rates. At December 31, 2022 December 31, 2023, our available for sale available-for-sale debt securities portfolio totaled $314.2 million $283.8 million with net unrealized losses of $36.2 million $30.7 million and are reported as a separate component of stockholders' equity. Therefore, decreases in the fair value of securities available for sale available-for-sale resulting from increases in interest rates could have an adverse effect on stockholders' equity. At December 31, 2022 December 31, 2023, our held-to-maturity debt securities portfolio totaled $33.7 million $33.4 million with net unrecognized unrealized losses of $4.6 million $5.1 million. The net unrecognized unrealized losses on our held-to-maturity securities are not reported in the financial statements until realized upon sale. The Company does not intend to sell held-to-maturity securities, nor does it foresee being required to sell them before the anticipated recovery (maturity).

or maturity.

Volatility and uncertainty related to inflation and the effects of inflation, which may lead to increased costs for businesses and consumers and potentially contribute to poor business and economic conditions generally, may also enhance or contribute to some of the risks discussed herein. For example, higher inflation, or volatility and uncertainty related to inflation, could reduce demand for the Company's products, adversely affect the creditworthiness of the Company's borrowers or result in lower values for the Company's investment securities and other interest-earning assets.

Any substantial change in market interest rates could have a material adverse effect on our financial condition, liquidity and results of operations. While we pursue an asset/liability strategy designed to mitigate our risk from changes in interest rates, such changes can still have a material adverse effect on our financial condition and results of operations. At December 31, 2022 December 31, 2023, our net portfolio value would decrease by $84.8 million $73.9 million if there was an instantaneous 200 basis point increase in market interest rates. For further discussion of how changes in interest rates could impact us, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Market Risk.”

Risks Related to Lending Activities

Because we intend to increase our commercial real estate and commercial loan originations, our lending risk will increase.

Commercial real estate and commercial loans generally have more risk than residential mortgage loans. Because the repayment of commercial real estate and commercial loans depends on the successful management and operation of the borrower’s properties or related businesses, repayment of such loans can be affected by adverse conditions in the real estate market or the local economy. Commercial real estate and commercial loans may also involve relatively large loan balances to individual borrowers or groups of related borrowers. A downturn in the real estate market or the local economy could adversely impact the value of properties securing the loan or the revenues from the borrower’s business thereby increasing the risk of non-performing loans. Also, many of our multi-family multifamily and commercial real estate and commercial business borrowers have more than one loan outstanding with us. Consequently, an adverse development with respect to one loan or one credit relationship can expose us to a significantly greater risk of loss compared to an adverse development with respect to a residential mortgage loan. Further, unlike residential mortgages or multi-family multifamily and commercial real estate loans, commercial and industrial loans may be secured by collateral other than real estate, such as inventory and accounts receivable, the value of which may be more difficult to appraise, may be more susceptible to fluctuation in value at default, and may be more difficult to realize upon enforcement of our remedies. As our commercial real estate and commercial loan portfolios increase, the corresponding risks and potential for losses from these loans may also increase.

The implementation of the Current Expected Credit Loss accounting standard could require us to increase If our allowance for credit losses and may have a material adverse effect on our financial condition and results of operations.

Accounting Standard Update ("ASU") No. 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments became effective for the Company on January 1, 2023. ASU No. 2016-13 replaced the incurred loss model with an expected loss model, which is referred to as the current expected credit loss model, or CECL. Under the CECL model, banks are required to present certain financial assets carried at amortized cost, such as loans held for investment and held-to-maturity debt securities, at the net amount expected to be collected. The measurement of expected credit losses is to be based on information about past events, including historical experience, and current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount. This standard requires earlier recognition of expected credit losses on loans and certain other instruments. This measurement will take place at the time the financial asset is first added to the balance sheet and periodically thereafter. This differs significantly from the “incurred loss” model required under current generally accepted accounting principles (“GAAP”), which delays recognition until it is probable a loss has been incurred. The adoption of CECL can result in greater volatility in the level of the allowance for credit losses, depending on various factors and assumptions applied in the models, such as the forecasted economic conditions over the reasonable and supportable forecast period and loan payment behaviors. Any increase in the allowance for credit losses, or expenses incurred to determine the appropriate level of the allowance for credit losses, can have an adverse effect on the Company’s financial condition and results of operations.

Based on several analyses performed, as well as an implementation analysis utilizing existing exposures and forecasts of macroeconomic conditions at December 31, 2022, the adoption of ASU 2016-13 will result in a minimal change in our total allowance for loan losses and reserves for unfunded commitments, and an immaterial allowance for credit losses on held-to-maturity debt securities. Upon adoption, any impact to the allowance for credit losses on loans and held-to-maturity debt securities as of January 1, 2023, will be reflected as an adjustment, net of tax, to retained earnings.

If our allowance for loan losses is not sufficient to cover actual loan losses, our earnings and capital could decrease.

Lending is inherently risky and we are exposed to the risk that our borrowers may default on their obligations. A borrower's default on its obligations may result in lost principal and interest income and increased operating expenses as a result of the allocation of management's time and resources to the collection and work-out of the loan. In certain situations, where collection efforts are unsuccessful or acceptable work-out arrangements cannot be reached, we may have to charge-off the loan in whole or in part, or sell it at a discount. In such situations, we may acquire real estate or other assets, if any, that secure the loan through foreclosure or other similar available remedies, the amount owed under the defaulted loan may exceed the value of the assets acquired, and post-default remedies may be unavailable or unfeasible.

We make various assumptions and judgments about the collectability of our loan portfolio, including the creditworthiness of our borrowers and the value of the real estate and other assets serving as collateral for our loans. In determining the amount of the allowance for loan credit losses on loans, we review our loans and our loss and delinquency experience, and we evaluate other factors including, among other things, current economic conditions. If our assumptions are incorrect, or if delinquencies or non-performing loans increase, our allowance for loan credit losses on loans may not be sufficient to cover probable and incurred losses inherent in our loan portfolio, which would require additions to our allowance, which could materially decrease our net income. Our allowance for loan credit losses on loans was 0.87% 0.91% of total loans and 172.52% 231.35% of non-performing loans at December 31, 2022 December 31, 2023.

In addition, bank regulators periodically review our allowance for loan credit losses on loans and, based on their judgments and information available to them at the time of their review, may require us to increase our allowance for loan credit losses on loans or recognize further loan charge-offs. An increase in our allowance for loan credit losses on loans or loan charge-offs as required by these regulatory authorities may reduce our net income and our capital, which may have a material adverse effect on our financial condition and results of operations.

If our non-performing assets increase, our earnings will be adversely affected.

At December 31, 2022 December 31, 2023, our non-performing assets, which consist of non-performing loans and other real estate owned, were $7.8 million $6.7 million, or 0.38% 0.33% of total assets. Our non-performing assets adversely affect our net income in various ways:

- we record interest income only on the cash basis or cost-recovery method for non-accrual loans and we do not record interest income for other real estate owned;
- we must provide for expected loan losses through a current period charge to the provision for credit losses on loans;

(1) Money market accounts are included within the NOW and demand accounts and Savings savings captions.

Borrowings. The Company had $310.5 million $397.5 million of borrowings at December 31, 2022 December 31, 2023, an increase of $125.0 million $87.0 million, or 67.4% 28.0%, from $185.5 million $310.5 million at December 31, 2021 December 31, 2022. The increase is related to the execution of short-term borrowings during the second half of 2022 2023 to support loan growth. Our borrowings consisted solely of Federal Home Loan Bank of New York advances. $109.0 million advances, $209.0 million of which are associated with longer-dated swap agreements. See Note 10, 12, Derivatives, of Notes to Consolidated Financial Statements in "Part II, Item 8- Financial Statements."

Total Shareholders' Equity. Total shareholders' equity decreased by $35.8 million $38.1 million, or 8.3% 9.7%, to $355.6 million at December 31, 2023 compared to $393.7 million at December 31, 2022 compared to $429.5 million at December 31, 2021. The decrease was primarily driven by a $24.3 million reduction in accumulated other comprehensive income reflecting the net impact that the interest rate environment had on the Company's available-for-sale securities and the swap agreements used in its cash flow hedges. The Company also repurchased 1,298,762 3,717,949 of its shares at a cost of $15.6 million $36.3 million. 299,481 of the Treasury shares repurchased totaling 732,780 were used to fund the shareholder-approved restricted stock grants. These decreases were partially offset by net income

Off-Balance Sheet. To help manage our interest rate position, the Company had $259.0 million in interest rate hedges at December 31, 2023, with a weighted average duration of $2.4 million 3.2 years and a weighted average rate of 2.58%. This represents an increase of $150.0 million from December 31, 2022, when we had $109.0 million in interest rate hedges with a weighted average duration of 4.2 years and a weighted average rate of 3.15%. See Note 12, Derivatives and Hedging Activities, of Notes to Consolidated Financial Statements in "Item 1- Financial Statements."

Liquidity and Capital Resources

we record interest income only on the cash basis or cost-recovery method for non-accrual loans and we do not record interest income for other real estate owned;

Liquidity is the ability to meet current and future financial obligations of a short-term and long-term nature. Our primary sources of funds consist of deposit inflows, loan repayments, maturities and sales of securities, borrowings from the FHLB and securities sold under agreements to repurchase. While maturities and scheduled amortization of loans and securities are predictable sources of funds, deposit flows, calls of investment securities and borrowed funds and prepayments on loans are greatly influenced by general interest rates, economic conditions and competition. Additionally, deposit flows are impacted by general deposit behavior. Our primary use of funds is for the origination and purchase of loans and the purchase of securities.

- non-interest expense increases when we write down the value of properties in our other real estate owned portfolio to reflect changing market values;
- there are legal fees associated with the resolution of problem assets, as well as carrying costs, such as taxes, insurance and maintenance fees; and

Management regularly adjusts our investments in liquid assets based upon an assessment of (1) expected loan demand, (2) expected deposit flows, (3) yields available on interest-earning deposits and securities, and (4) the objectives of our interest-rate risk and investment policies.

The Bank is subject to various regulatory capital requirements administered by the NJDOBI and the FDIC. At December 31, 2022, the Bank exceeded all applicable regulatory capital requirements, and was considered "well capitalized" under regulatory guidelines. See "Item 1. Business—Supervision and Regulation—Federal Banking Regulation—Capital Requirements" and Note 17 of the Notes to the Consolidated Financial Statements.

The Bank has entered into derivative financial instruments to reduce risk associated with interest rate volatility by matching repricing terms of assets and liabilities. These derivatives had an aggregate notional amount of $259.0 million and $109.0 million as at of December 31, 2022. December 31, 2023 and 2022, respectively. See Note 10 12 of the Notes to the Consolidated Financial Statements.

At December 31, 2022 December 31, 2023, we had outstanding commitments to originate loans of $8.0 million $18.1 million and unused lines of credit of $80.0 million $92.7 million. We anticipate that we will have sufficient funds available to meet our current loan origination commitments. Certificates of deposit that are scheduled to mature in less than one year from December 31, 2022 December 31, 2023 totaled $294.9 million $572.4 million. Management expects, based on historical experience, that a substantial portion of the maturing certificates of deposit will be renewed. However, if a substantial portion of these deposits is not retained, we may utilize FHLB advances or raise interest rates on deposits to attract new accounts, which may result in higher levels of interest expense. Available borrowing capacity at December 31, 2022 December 31, 2023 was $328.1 million $320.0 million with FHLB. We also had a $30.0 million available line of credit with a correspondent bank and a $2.5 million available line of credit with the Federal Reserve ability to borrow up to $2.3 million at the FRB's Discount Window at December 31, 2023. The Company also had the ability to participate in the FRB's Bank of New York at December 31, 2022. Term Funding Program. Additionally, almost all of the Bank's investment securities are unencumbered and could be used as collateral for additional borrowing capacity.

- we must provide for expected loan losses through a current period charge to the provision for loan losses;
- non-interest expense increases when we write down the value of properties in our other real estate owned portfolio to reflect changing market values;
- there are legal fees associated with the resolution of problem assets, as well as carrying costs, such as taxes, insurance and maintenance fees; and
- the resolution of non-performing assets requires the active involvement of management, which can distract them from more profitable activity.

We are a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of our customers. These financial instruments include commitments to originate loans, unused lines of credit and standby letters of credit, which involve elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheets. Our exposure to credit loss is represented by the contractual amount of the instruments. We use the same credit policies in making commitments that we do for on-balance-sheet instruments. Management believes that our current sources of liquidity are more than sufficient to fulfill our obligations as of December 31, 2022 December 31, 2023 pursuant to off-balance-sheet arrangements and contractual obligations.

Blue Foundry Bancorp is a separate legal entity from Blue Foundry Bank and must provide for its own liquidity to fund dividend payments, stock repurchases, and other corporate risk factors. The Company's primary source of liquidity is issuance of stock and the receipt of dividend payments from the Bank in accordance with applicable regulatory requirements. At December 31, 2022 December 31, 2023, Blue Foundry Bancorp (unconsolidated) had liquid assets of $98.5 million $61.4 million.

If additional borrowers do not pay their loans and we are unable to successfully manage our non-performing assets, our losses and troubled assets could increase significantly, which could have a material adverse effect on our financial condition and results of operations.

The Bank is subject to various regulatory capital requirements administered by the NJDOBI and the FDIC. At December 31, 2023, the Bank exceeded all applicable regulatory capital requirements, and was considered "well capitalized" under regulatory guidelines. See "Item 1. Business—Supervision and Regulation—Federal Banking Regulation—Capital Requirements" and Note 19 of the Notes to the Consolidated Financial Statements.

We are exposed to the transition away from LIBOR.

We have material contracts that are indexed to the London Interbank Offered Rate ("LIBOR"). In 2017, the United Kingdom's Financial Conduct Authority, a regulator of financial services firms and financial markets in the United Kingdom, announced that the publication of LIBOR would not be guaranteed after 2021. LIBOR will be discontinued after June 30, 2023 and will impact loans that have not yet matured or been refinanced by that date.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Qualitative Analysis. Our most significant form of market risk is interest rate risk because, as a financial institution, the majority of our assets and liabilities are sensitive to changes in interest rates. Therefore, a principal part of our operations is to manage interest rate risk and limit the exposure of our financial condition and results of operations to changes in market interest rates. Our ALCO/Investment Committee, which consists of members of management, is responsible for evaluating the interest rate risk inherent in our

This announcement, and more generally, financial benchmark reforms and changes in the interbank lending markets, have resulted in uncertainty about the interest rate benchmarks that will be used in the future. In the United States, efforts to identify a set of alternative U.S. dollar reference interest rates have been ongoing, and the Alternative Reference Rate Committee formally recommended the use of a Secured Overnight Funding Rate ("SOFR"). The March 2022 enactment of the Adjustable Interest Rate (LIBOR) Act and the Federal Reserve's proposed implementing regulations are intended to address the discontinuation of LIBOR and establish a replacement benchmark, based on SOFR, that will automatically apply to agreements that rely on LIBOR and do not have an alternative contractual fallback benchmark. SOFR-based replacement benchmarks may also apply to contracts with fallback provisions that authorize a particular person to determine the replacement benchmark.

assets and liabilities, for determining 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 policy and guidelines approved by our Board of Directors. We currently utilize a third-party modeling program, prepared on a quarterly basis, to evaluate our sensitivity to changing interest rates, 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 have sought to manage our interest rate risk in order to minimize the exposure of our earnings and capital to changes in interest rates. We have implemented the following strategies to manage our interest rate risk: growing target deposit accounts; utilizing our investment securities portfolio and interest rate swaps as part of our balance sheet asset and liability and interest rate risk management strategy to reduce the impact of movements in interest rates on net interest income and economic value of equity, which can create temporary valuation adjustments to equity in Accumulated Other Comprehensive Income; continuing the diversification of our loan portfolio by adding more commercial loans, which typically have shorter maturities and/or balloon payments.

While the LIBOR Act and implementing regulations will help to transition legacy LIBOR contracts to a new benchmark rate, the substitution of SOFR for LIBOR may have potentially significant economic impacts on parties to affected contracts. SOFR is different from LIBOR in that it is a retrospective-looking secured rate rather than a forward-looking unsecured rate. These differences could lead to a greater disconnect between our and the Bank's costs to raise funds for SOFR as compared to LIBOR. In addition, to the [illegible] of LIBOR, there may be future changes in the rules or methodologies used to calculate SOFR or other benchmarks, which may have a material adverse effect on the value of or return on our financial assets and liabilities that are based on or are linked to LIBOR and other benchmarks. Once LIBOR rates are no longer available, and we are required to implement replacement reference rates for the calculation of interest rates under our loan agreements with borrowers, we may incur significant expense in effecting the transition and we may be subject to disputes or litigation with our borrowers over the appropriateness or comparability to LIBOR of the replacement reference rates. The uncertainty related to these changes may have an unpredictable impact on the financial markets and could adversely impact our financial condition or results of operations.

By following these strategies, we believe that we are better positioned to react to increases and decreases in market interest rates.

Other than cash flow hedging on interest expense, we generally do not engage in hedging activities such as engaging in futures or options, or investing in high-risk mortgage derivatives such as collateralized mortgage obligation residual interests, real estate mortgage investment conduit residual interests or stripped mortgage-backed securities.

Risks Related to Loan Underwriting

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Adjustable-Rate Loans. While we anticipate that adjustable-rate loans will better offset the adverse effects of an increase in interest rates as compared to fixed-rate loans, an increased monthly payment required of adjustable-rate loan borrowers in a rising interest rate environment could cause an increase in delinquencies and defaults. The marketability of the underlying property also may be adversely affected in a high interest rate environment. In addition, although adjustable-rate loans make our asset base more responsive to changes in interest rates, the extent of this interest sensitivity is somewhat limited by the annual and lifetime interest rate adjustment limits on adjustable-rate residential real estate loans. To help minimize the risks associated with rising interest rates and the subsequent risk of default, we often perform a stress analysis during underwriting.

Multi-Family MultiFamily and Non-Residential Real Estate Loans. Loans secured by non-residential and multi-family multifamily real estate generally have larger balances and involve a greater degree of risk than one-to-four family residential real estate loans. Of primary concern in non-residential real estate and multi-family multifamily lending is the borrower's creditworthiness and the feasibility and cash flow potential of the asset. Payments on loans secured by income producing properties often depend on the successful operation and management of the properties. As a result, repayment of such loans may be subject to adverse conditions in the real estate market or the economy to a greater extent than residential real estate loans. [illegible]

The Bank has entered into derivative financial instruments to reduce risk associated with interest rate volatility by matching repricing terms of assets and liabilities. These derivatives had an aggregate notional amount of $109.0 million $259.0 million as of December 31, 2022 December 31, 2023.

In July 2017, the Financial Conduct Authority (the authority that regulates LIBOR) announced that it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. Most tenors of LIBOR will cease being published on June 30, 2023, although some tenors ceased at the end of 2021. The Bank has not been materially impacted by the partial LIBOR cessations on December 31, 2021. The Alternative Reference Rates Committee has proposed that the Secured Overnight Financing Rate is the rate that represents best practice as the alternative to USD-LIBOR for use in financial contracts that are currently indexed to USD-LIBOR. The Company has approximately $11.1 million in loans, $24.6 million in investments and $109.0 million notional of derivatives which are indexed to USD-LIBOR for which it is monitoring the activity and assessing the related risks. The Company is monitoring and developing transition plans to address potential revisions to documentation, as well as customer management and communication, internal training, financial, operational and risk management implications, and legal and contract management. When LIBOR rates are no longer available and we are required to implement substitute indices for the calculation of interest rates, we may incur expenses in effecting the transition, we may suffer a loss in the conversion to a new rate because the new rate may not be equal to what we were being paid on the LIBOR rate, and may be subject to disputes or litigation with customers and security holders over the appropriateness or comparability to LIBOR of the substitute indices, which could have an adverse effect on our results of operations.

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Quantitative Analysis. We compute amounts by which the net present value of our cash flow from assets, liabilities and off-balance sheet items would change in the event of a range of assumed changes in market interest rates. The net present value ("NPV") analysis estimates the change in the NPV of assets and liabilities and off-

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Construction Loans. Our construction loans are based upon our estimates of costs to complete a project and the value of the completed project. Typically, said reviews are conducted by third party's approved by the bank. Underwriting is focused on the borrowers' financial strength, credit history and demonstrated ability to produce a quality product and effectively market and manage its operations.

balance off-balance sheet contracts over a range of immediate rate shock interest rate scenarios. This model uses a discounted cash flow analysis and an option-based pricing approach to measure the interest rate sensitivity of net portfolio value. The model estimates the economic value of each type of asset, liability and off-balance sheet contract under the assumption that the United States Treasury yield curve increases or decreases instantaneously by 100 to 200 basis points in 100 basis point increments. 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 "Basis Point Change in Interest Rates" column below.

Construction lending involves additional risks when compared to permanent residential lending because funds are advanced upon the collateral of the project, which is of uncertain value before its completion. Because of the uncertainties inherent in estimating construction costs, it is difficult to evaluate accurately the total funds required to complete a project and the related loan-to-value ratio. In addition, generally during the term of a construction loan, interest may be funded by the borrower or disbursed from an interest reserve set aside from the construction loan budget. These loans often involve the disbursement of substantial funds with repayment substantially dependent on the success of the ultimate project and the ability of the borrower to sell or lease the property or obtain permanent take-out financing, rather than the ability of the borrower or guarantor to repay principal and interest. If the appraised value of a completed project proves to be overstated, we may have inadequate collateral for the repayment of the loan upon completion of construction of the project and may incur a loss. When [illegible] the value of the constructed project to the Bank's ability [illegible]

The following table sets forth, at December 31, 2022 December 31, 2023, the calculation of the estimated changes in the Bank's net interest income, at the Bank level, that would result from the specified immediate changes in the United States Treasury yield curve. For purposes of this table, 100 basis points equals 1%.

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Net Interest Income	Net Interest Income

Change in Interest Rates (basis points)	Change in Interest Rates (basis points)	Amount	Change		Percent	
	(Dollars in thousands)				(Dollars in thousands)	
+200		$ 45,392	(1,012)	(1,012)	(2.2)	(2.2) %

to continue to originate a significant amount of construction loans is dependent on the strength of the general real estate market in our market areas.

Change in Interest Rates (basis points)	Net Interest Income Amount	Change	Percent
	(Dollars in Thousands)		
+200	$55,277	(3,499)	(6.0) %
+100	57,113	(1,663)	(2.8)
0	58,776	—	—
-100	59,223	447	0.8
-200	58,605	(171)	(0.3)

Junior Liens and Consumer Loans. Consumer loans may entail greater risk than residential mortgage loans, as they can be unsecured, subordinately secured or secured by assets that depreciate rapidly. Repossessed collateral for a defaulted consumer loan may not provide an adequate source of repayment for the outstanding loan and a resulting deficiency often does not warrant further substantial collection efforts against the borrower. Consumer loan collections depend on the borrower's continuing financial stability, and therefore are likely to be adversely affected by various factors, including job loss, divorce, illness or personal bankruptcy. Furthermore, the application of various federal and state laws, including federal and state bankruptcy and insolvency laws, may limit the amount that can be recovered on such loans.

Commercial and Industrial Loans. Unlike residential real estate loans, which generally are made on the basis of the borrower's ability to make repayment from his or her employment or other income, and which are secured by real property whose value tends to be more readily ascertainable, commercial and industrial loans are of higher risk and typically are made on the basis of the borrower's ability to make repayment from the cash flows of the borrower's business and the collateral securing these loans may fluctuate in value. Our commercial and industrial loans are originated primarily based on the identified cash flows of the borrower and secondarily on the underlying collateral provided by the borrower. Most often, collateral for commercial and industrial loans consists of accounts receivable, inventory and/or equipment. Credit support provided by the borrower for most of these loans is based on the liquidation of the pledged collateral and enforcement of a personal guarantee. Furthermore, collateral securing such loans may depreciate over time, may be difficult to appraise and may fluctuate in value. As a result, the availability of funds for the repayment of commercial and industrial loans may depend substantially on the success of the business itself.

The following table sets forth, at December 31, 2022 December 31, 2023, the calculation of the estimated changes in our NPV, at the Bank level, that would result from the specified immediate changes in the United States Treasury yield curve. For purposes of this table, 100 basis points equals 1%.

Risks Related to Economic Conditions

Declines ~~in value may adversely~~ impact our investment portfolio.

As of December 31, 2022 December 31, 2023, the Company had approximately $348.0 million $317.0 million in its investment portfolio, with $314.2 million $283.8 million designated as available for sale available-for-sale and $33.7 million $33.4 million designated as held to maturity. held-to-maturity. For securities available for sale, available-for-sale, ASU 2016-13 requires entities ~~to determine if impairment is~~ related to credit loss or non-credit loss. If an assessment of the security indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security, and if the present value of cash flows is less than the amortized cost basis, a credit loss exists and an allowance is created, limited by the amount that the fair value is less than the amortized cost basis. Held to maturity Held-to-maturity securities are evaluated under the allowance for credit losses model. Held to maturity Held-to-maturity securities are charged off against the allowance when deemed to be uncollectible and adjustments to the allowance are reported as a component of credit loss expense. If the credit loss expense is significant enough it could affect the ability of Blue Foundry Bank to upstream dividends to the Company, which could have a material adverse effect on our liquidity and our ability to pay dividends to shareholders and could also negatively impact our regulatory capital ratios.

Change in Interest Rates (basis points)	Change in Interest Rates (basis points)	Estimated NPV	NPV Estimated Increase (Decrease) Amount	Percent	NPV as a Percent of Portfolio Value of Assets NPV Ratio	Change
		(Dollars in thousands)				
+200	+200	$ 45,317	$(84,778)	(65.2)%	2.2 %	(4.1)
+100	+100	87,038	(43,057)	(33.1)	4.3	(2.1)
0	0	130,095	—	—	6.4	—
-100	-100	169,745	39,650	30.5	8.3	1.9
-200	-200	206,652	76,557	58.8	10.1	3.7

Change in Interest Rates (basis points)	Estimated NPV	Estimated Increase (Decrease) Amount	Percent	NPV as a Percent of Portfolio Value of Assets NPV Ratio	Change
					(Dollars in thousands)

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The table above indicates that at December 31, 2022 December 31, 2023, in the event of an instantaneous 100 basis point increase in interest rates, we the Bank would experience a 33% 42% decrease in NPV. In the event of an instantaneous 100 basis point decrease in interest rates, we the Bank would experience a 30% 42% increase in NPV.

The geographic concentration of our loan portfolio and lending activities makes us vulnerable to a downturn in our local market area.

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Our loan portfolio is concentrated primarily in New Jersey. This makes us vulnerable to a downturn in the local economy and real estate markets. Adverse conditions in the local economy such as unemployment, inflation, recession, regulatory changes, a catastrophic event or other factors beyond our control could impact the ability of our borrowers to repay their loans, which could impact our net interest income. Decreases in local real estate values caused by economic conditions, recent changes in tax and rent regulation laws or other events could adversely affect the value of the property used as collateral for our loans, which could cause us to realize a loss in the event of a foreclosure. Further, deterioration in local economic conditions could drive the level of loan losses beyond the level we have provided for in our allowance for loan credit losses on loans, which in turn could necessitate an increase in our provision for loan losses and a resulting reduction to our earnings and capital.

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Certain shortcomings are inherent in the methodologies used in the above interest rate risk measurements. Modeling changes require making certain assumptions that may or may not reflect the manner in which actual yields and costs respond to changes in market interest rates. The above tables assume that the composition of our interest sensitive assets and liabilities existing at the date indicated remains constant uniformly across the yield curve regardless of the duration or repricing of specific assets and liabilities. Accordingly, although the table provides an indication of our interest rate risk exposure at a particular point in time, the data does not reflect any actions we may take in response to changes in interest rates. In addition, such measurements are not intended to and do not provide a precise forecast of the effect of changes in market interest rates on our NPV and will differ from actual results.

A worsening of economic conditions in our market area could reduce demand for our products and services and/or result in increases in our level of non-performing loans, which could adversely affect our operations, financial condition and earnings 58 54

Local economic conditions have a significant impact on the ability of our borrowers to repay loans and the value of the collateral securing loans. A deterioration in economic conditions, especially local conditions, as a result of COVID-19 or otherwise, could have the following consequences, any of which could have a material adverse effect on our business, financial condition, liquidity and results of operations, and could more negatively affect us compared to a financial institution that operates with more geographic diversity:

- demand for our products and services may decline;
- demand for our products and services may decline;
- loan delinquencies, problem assets and foreclosures may increase;
- collateral for loans, especially real estate, may decline in value, thereby reducing customers' future borrowing power and reducing the value of assets and collateral associated with existing loans; and

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following are included in this item:

A. Report of Independent Registered Public Accounting Firm

B. Consolidated Financial Statements:

(1) Consolidated Statements of Financial Condition as of December 31, 2022 December 31, 2023 and 2021 2022

(2) Consolidated Statements of Operations for the years ended December 31, 2022 December 31, 2023 and 2021 2022

(3) Consolidated Statements of Comprehensive Loss for the years ended December 31, 2022 December 31, 2023 and 2021 2022

(4) Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2022 December 31, 2023 and 2021 2022

(5) Consolidated Statements of Cash Flows for the years ended December 31, 2022 December 31, 2023 and 2021 2022

(6) Notes to Consolidated Financial Statements

C. Blue Foundry Bancorp Condensed Financial Statements:

(1) Condensed Statements of Financial Condition as of December 31, 2022 December 31, 2023 and 2021 2022

(2) Condensed Statements of Comprehensive Loss for the years ended December 31, 2022 December 31, 2023 and 2021 2022

(3) Condensed Statements of Cash Flows for the years ended December 31, 2022 December 31, 2023 and 2021 2022

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- loan delinquencies, problem assets and foreclosures may increase;
- collateral for loans, especially real estate, may decline in value, thereby reducing customers' future borrowing power, and reducing the value of assets and collateral associated with existing loans; and
- the net worth and liquidity of loan guarantors may decline, impairing their ability to honor commitments to us.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors
Blue Foundry Bancorp:

Moreover, a significant decline in general economic conditions caused by inflation, recession, acts of terrorism, civil unrest, an outbreak of hostilities or other international or domestic calamities, an epidemic or pandemic, unemployment or other factors beyond our control could further impact these local economic conditions and could further negatively affect the financial results of our banking operations.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial condition balance sheets of Blue Foundry Bancorp and subsidiary (the Company) as of December 31, 2022, December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive loss, changes in shareholders' equity, and cash flows for each of the year then years in the two-year period ended December 31, 2023, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the year then years in the two-year period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

A lack of liquidity could adversely affect the Company's financial condition and results of operations.

Liquidity is essential to the Company's business. The Company relies on its ability to generate deposits and effectively manage the repayment of its liabilities to ensure that there is adequate liquidity to fund operations. An inability to raise funds through deposits, borrowings, the sale and maturities of loans and securities and other sources could have a substantial negative effect on liquidity. The Company's most important source of funds is its deposits. Deposit balances can decrease when customers perceive alternative investments as providing a better risk adjusted return, which are strongly influenced by such external factors as the direction of interest rates, local and national economic conditions and the availability and attractiveness of alternative investments. Further, the demand for deposits may be reduced due to a variety of factors such as negative trends in the banking sector, the level of and/or composition of our uninsured deposits, demographic patterns, changes in customer preferences, reductions in consumers' disposable income, the monetary policy of the Federal Reserve or regulatory actions that decrease customer access to particular products. If customers move money out of bank deposits and into other investments such as money market funds, the Company would lose a relatively low-cost source of funds, which would increase its funding costs and reduce net interest income. Any changes made to the rates offered on deposits to remain competitive with other financial institutions may also adversely affect profitability and liquidity. Other primary sources of funds consist of cash flows from operations, maturities and sales of investment securities and/or loans, brokered deposits, borrowings from the FHLB and/or FRB discount window, and unsecured borrowings. The Company also may borrow funds from third-party lenders, such as other financial institutions. The Company's access to funding sources in amounts adequate to finance or capitalize its activities, or on terms that are acceptable, could be impaired by factors that affect the Company directly or the financial services industry or

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the Company has changed its method of accounting for the recognition and measurement of credit losses as of January 1, 2023 due to the adoption of ASC Topic 326, *Financial Instruments - Credit Losses*.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

economy generally, such as disruptions in the financial markets or negative views and expectations about the prospects for the financial services industry, a decrease in the level of our business activity as a result of a downturn in markets or adverse regulatory action against us. Any deterioration in available funding could adversely impact our ability to originate loans, invest in securities, meet expenses, or to fulfill obligations such as repaying borrowings or meeting deposit withdrawal demands, any of which could have a material adverse impact on its liquidity, business, financial condition and results of operations.

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We conducted our audit audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides audits provide a reasonable basis for our opinion.

The failure to address the Federal debt ceiling in a timely manner, downgrades of the U.S. credit rating and uncertain credit and financial market conditions may affect the stability of securities issued or guaranteed by the Federal government, which may affect the valuation or liquidity of our investment securities portfolio and increase future borrowing costs.

/s/ KPMG LLP

We have served as the Company's auditor since 2022.

As a result of uncertain political, credit and financial market conditions, including the potential consequences of the federal government defaulting on its obligations for a period of time due to federal debt ceiling limitations or other unresolved political issues, investments in financial instruments issued or guaranteed by the federal government pose credit default and liquidity risks. Given that future deterioration in the U.S. credit and financial markets is a possibility, no assurance can be made that losses or significant deterioration in the fair value of our U.S. government issued or guaranteed investments will not occur. At December 31, 2023, we had approximately $36.9 million, $11.5 million and $149.8 million invested in U.S. Treasury securities, U.S. government agency securities, and residential mortgage-backed securities issued or guaranteed by government-sponsored enterprises, respectively. Downgrades to the U.S. credit rating could affect the stability of securities issued or guaranteed by the federal government and the valuation or liquidity of our portfolio of such investment securities, and could result in our counterparties requiring additional collateral for our borrowings. Further, unless and until U.S. political, credit and financial market conditions have been sufficiently resolved or stabilized, it may increase our future borrowing costs.

Short Hills, New Jersey

March 30, 2023

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Risks Related to Growth

A lack of liquidity could adversely affect our financial condition and results of operations.

Liquidity is essential to our business. We rely on our ability to gather deposits, make investments and effectively manage the repayment and maturity schedules of loans to ensure that there is adequate liquidity to fund our operations and pay our obligations. An inability to raise funds through deposits, borrowings, the sale and maturities of loans and securities and other sources could have a substantial negative effect on liquidity. Our most important source of funds is deposits. Deposit balances can decrease when customers perceive alternative investments as providing a better risk/return tradeoff, which are strongly influenced by external factors such as changes in interest rates, local and national ... alternative investments, and perceptions of the stability of the financial services industry generally and of our institution ... demand for deposits may be reduced due to a variety of factors such as demographic patterns, changes in customer preferences, reductions in consumers' disposable income, the monetary policy of the Federal Reserve, or regulatory actions that decrease customer access to particular products. If customers move money out of bank deposits and into other investments such as money market funds, we would lose a relatively low cost source of funds, which would increase our funding costs and reduce net interest income. Any changes made to the rates offered on deposits to remain competitive with other financial institutions may also adversely affect profitability and liquidity.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Shareholders and the Board of Directors of Blue Foundry Bancorp

Rutherford, New Jersey

Opinion on the Financial Statements

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We have audited the accompanying consolidated statement of financial condition of Blue Foundry Bancorp (the "Company") as of December 31, 2021, the related consolidated statement of operations, comprehensive loss, changes in shareholders' equity, and cash flows for the year then ended and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Other primary sources of funds consist of cash flows from operations, maturities and sales of investment securities and borrowings from the FHLB of New York. We also have borrowing capacity through three correspondent banks and have the ability to participate in the Federal Reserve's new Bank Term Funding Program as needed. Our access to funding sources in amounts adequate to finance or capitalize our activities, or on terms that are acceptable, could be impaired by factors that affect us directly or the financial services industry or economy in general, such as disruptions in the financial markets, changes in the value of investment securities, negative views and expectations about the prospects for the financial services industry, a decrease in our business activity as a result of a downturn in markets, or adverse regulatory actions against us.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

27, 2024

/s/ Crowe LLP

... in available funding could adversely impact our ability to originate loans, invest in securities, meet expenses, or to fulfill obligations such as repaying borrowings or meeting deposit withdrawal demands, any of which could have a material adverse impact on our liquidity, business, financial condition and results of operations.

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New York, New York

Our business strategy includes growth, and our financial condition and results of operations could be negatively affected if we fail to grow or fail to manage our growth effectively.

Our business strategy includes growth in assets, deposits and the scale of our operations. Achieving our growth targets will require us to attract customers that currently bank at other financial institutions in our market, thereby increasing our share of the market, and to expand the size of our market area. Our ability to successfully grow will depend on a variety of factors, including our ability to attract and retain experienced bankers, the continued availability of desirable business opportunities, the competitive responses from other financial institutions in our market area and our ability to manage our growth. Growth opportunities may not be available or we may not be able to manage our growth successfully. If we do not manage our growth effectively, our financial condition and operating results could be negatively affected.

Building market share through de novo branching may cause our expenses to increase faster than revenues.

We are building market share by opening de novo branches in contiguous markets. There are considerable costs involved in de novo branching as new branches generally require time to generate sufficient revenues to offset their initial start-up costs, especially in areas in which we do not have an established presence. Accordingly, any new branch can be expected to negatively impact our earnings until the branch attracts a sufficient number of deposits and loans to offset expenses. We cannot assure you that new branches opened will be successful even after they have been established.

New lines of business or new products and services may subject us to additional risks.

From time to time, we may implement new lines of business or offer new products and services within existing lines of business. In addition, we will continue to invest in research, development, and marketing for new products and services. There are substantial risks and uncertainties associated with these efforts, particularly in instances where the markets are not fully developed. In developing and marketing new lines of business and/or new products and services we may invest significant time and resources. Initial timetables for the development and introduction of new lines of business and/or new products or services may not be achieved and price and profitability targets may not prove feasible. Furthermore, if customers do not perceive our new offerings as providing significant value, they may fail to accept our new products and services. External factors, such as compliance with regulations, competitive alternatives, and shifting market preferences, may also impact the successful implementation of a new line of business or a new product or service. Furthermore, the burden on management and our information technology in introducing any new line of business and/or new product or service could have a significant impact on the effectiveness of our system of internal controls. Failure to successfully

manage these risks in the development and implementation of new lines of business or new products or services could have a material adverse effect on our business, financial condition and results of operations.

Severe weather, acts of terrorism, geopolitical and other external events could impact our ability to conduct business.

Weather-related events have adversely impacted our market area in recent years, especially areas located near coastal waters and flood prone areas. Such events that may cause significant flooding and other storm-related damage may become more common events in the future. Financial institutions have been, and continue to be, targets of terrorist threats aimed at compromising operating and communication systems and the metropolitan New York area, including New Jersey, remain central targets for potential acts of terrorism. Such events could cause significant damage, impact the stability of our facilities and result in additional expenses, impair the ability of our borrowers to repay their loans, reduce the value of collateral securing repayment of our loans, and result in the loss of revenue. While we have established and regularly test disaster recovery procedures, the occurrence of any such event could have a material adverse effect on our business, operations and financial condition. Additionally, financial markets may be adversely affected by the current or anticipated impact of military conflict, including the Russia and Ukraine war, terrorism or other geopolitical events.

BLUE FOUNDRY BANCORP

Consolidated Statements of Financial Condition

(In thousands, except share data)

	December 31, 2022	December 31, 2021
ASSETS		
Cash and cash equivalents	$ 41,182	$ 193,446
Securities available for sale, at fair value	314,248	324,892
Securities held to maturity (fair value of $29,115 at December 31, 2022 and $22,849 at December 31, 2021)	33,705	23,281
Other Investments	16,069	10,182
Loans receivable, net of allowance of $13,400 at December 31, 2022 and $14,425 at December 31, 2021	1,531,727	1,273,184
Interest and dividends receivable	6,893	5,372
Premises and equipment, net	29,825	28,126
Right-of-use assets	25,906	25,457
Bank owned life insurance	21,576	21,662
Other assets	22,207	8,609
Total assets	$ 2,043,338	$ 1,914,211
LIABILITIES AND SHAREHOLDERS’ EQUITY		
Liabilities		
Deposits	$ 1,288,862	$ 1,247,040
Advances from the Federal Home Loan Bank	310,500	185,500
Advances by borrowers for taxes and insurance	9,302	9,582
Lease liabilities	27,324	26,696
Other liabilities	13,632	15,922
Total liabilities	1,649,620	1,484,740
Shareholders’ equity		
Preferred stock, $0.01 par value, 10,000,000 authorized; none issued	—	—
Common stock $0.01 par value; 70,000,000 shares authorized; 28,522,500 shares issued at December 31, 2022 and December 31, 2021; 27,523,219 and 28,522,500 shares outstanding at December 31, 2022 and December 31, 2021, respectively	285	285
Additional paid-in capital	279,454	282,006
Retained earnings	171,763	169,457
Treasury Stock, at cost; 999,281 shares at December 31, 2022	(12,072)	—
Unallocated common shares held by Employee Stock Ownership Plan	(20,993)	(21,905)
Accumulated other comprehensive loss	(24,719)	(372)
Total shareholders’ equity	393,718	429,471
Total liabilities and shareholders’ equity	$ 2,043,338	$ 1,914,211

See accompanying notes to the consolidated financial statements.

Risks Related to Competition

Strong competition within our market area may limit our growth and profitability.

Competition in the banking and financial services industry is inter[illegible]compete with commercial banks, savings institutions, mortgage brokerage firms, credit unions, finance companies, mutual funds, insurance companies[illegible]ent banking firms operating locally and elsewhere. Some of our competitors have greater name recognition and market presence that benefit them in [illegible]ain services that we do not or cannot provide. Our smaller asset size also makes it more difficult to compete, as many of our competitors are larger and can more easily afford to invest in the marketing and technologies needed to attract and retain customers. In addition, larger competitors may be able to price loans and deposits more aggressively than we do, which could affect our ability to grow and remain profitable on a long-term basis. Our profitability depends upon our continued ability to successfully compete in our market area. If we must raise interest rates paid on deposits or lower interest rates charged on our loans, our net interest margin and profitability could be adversely affected. For additional information see “Business of Blue Foundry Bank—Competition.”

The financial services industry could become even more competitive as a result of continuing legislative, regulatory and technological changes and continued industry consolidation. Banks, securities firms and insurance companies can merge under the umbrella of a financial holding company, which can offer virtually any type of financial service, including banking, securities underwriting, insurance (both agency and underwriting) and merchant banking. Also, technology has lowered barriers to entry and made it possible for non-banks to offer products and services traditionally provided by banks, such as automatic transfer and automatic payment systems. Many of our competitors have fewer regulatory constraints and may have lower cost structures. Additionally, due to their size, many competitors may be able to achieve economies of scale and, as a result, may offer a broader range of products and services than we can as well as better pricing for those products and services.

Risks Related to Operations and Security

Public health emergencies, like the COVID-19 outbreak, may adversely impact our business, results of operations, financial condition and capital levels.

The COVID-19 pandemic caused significant economic dislocation in the United States and had a significant economic impact on the communities in which we operate, our borrowers and depositors, and the national economy generally, including curtailment of business activity, increased levels of unemployment, and supply chain disruptions in the markets in which we operate. Given the dynamic nature of the pandemic, it is difficult to predict the full impact of the COVID-19 outbreak on our business. As a result of a public health emergency, including the COVID-19 pandemic, and the related adverse local and national consequences, and as a result of governmental,

consumer and business responses to any outbreak, we may be subject to the following risks, any of which could have a material, adverse effect on our business, financial condition, liquidity, or results of operations: demand for our products and services may decline; if consumer and business activities are restricted, loan delinquencies, problem assets, and foreclosures may increase, resulting in increased charges and reduced income; collateral for loans, especially real estate, may decline in value, which could increase loan losses; our allowance for credit losses may have to be increased if borrowers experience financial difficulties; a material decrease in net income or a net loss over several quarters could affect our ability to pay cash dividends; cybersecurity risks may be increased as the result of an increase in the number of employees working remotely; critical services provided by third-party vendors may become unavailable; government actions and vaccine mandates in response to the pandemic may affect our workforce, human capital resources and infrastructure; and we may experience staffing shortages and unanticipated unavailability or loss of key employees, harming our ability to execute our business strategy.

We face significant operational risks because the nature of the financial services business involves a high volume of transactions.

We operate in diverse markets and rely on the ability of our employees and systems to process a high number of transactions. Operational risk is the risk of loss resulting from our operations, including but not limited to, the risk of fraud by employees or persons outside our company, the execution of unauthorized transactions by employees, errors relating to transaction processing and technology, breaches of our internal control systems and compliance requirements. Insurance coverage may not be available for such losses, or where available, such losses may exceed insurance limits. This risk of loss also includes the potential legal actions that could arise as a result of operational deficiencies or as a result of non-compliance with applicable regulatory standards, adverse business decisions or their implementation, or customer attrition due to potential negative publicity. In the event of a breakdown in our internal control systems, improper operation of systems or improper employee actions, we could suffer financial loss, face regulatory action, and/or suffer damage to our reputation.

Cyber-attacks or other security breaches could adversely affect our operations, net income or reputation.

We regularly collect, process, transmit and store significant amounts of confidential information regarding our customers, employees and others and concerning our own business, operations, plans and strategies. In some cases, this confidential or proprietary information is collected, compiled, processed, transmitted or stored by third parties on our behalf.

BLUE FOUNDRY BANCORP
Consolidated Balance Sheets
(In thousands, except share data)

		December 31, 2023		December 31, 2022
ASSETS				
Cash and cash equivalents	$	46,025	$	41,182
Securities available-for-sale, at fair value		283,766		314,248
Securities held to maturity (fair value of $28,323 at December 31, 2023 and $29,115 at December 31, 2022), including allowance for credit losses of $158 at December 31, 2023 and none at December 31, 2022		33,254		33,705
FHLB stock and other investments		20,346		16,069
Loans receivable, net of allowance for credit losses of $14,154 at December 31, 2023 and $13,400 at December 31, 2022		1,546,576		1,531,727
Real estate owned, net		593		—
Interest and dividends receivable		7,595		6,893
Premises and equipment, net		32,475		29,825
Right-of-use assets		25,172		25,906
Bank owned life insurance		22,034		21,576
Other assets		27,127		22,207
Total assets	$	2,044,963	$	2,043,338
LIABILITIES AND SHAREHOLDERS’ EQUITY				
Liabilities				
Deposits	$	1,244,904	$	1,288,862
Advances from the Federal Home Loan Bank		397,500		310,500
Advances by borrowers for taxes and insurance		8,929		9,302
Lease liabilities		26,777		27,324
Other liabilities		11,213		13,632
Total liabilities		1,689,323		1,649,620
Shareholders’ equity				
Preferred stock, $0.01 par value, 10,000,000 shares authorized; none issued		—		—
Common stock $0.01 par value; 70,000,000 shares authorized; 28,522,500 shares issued at December 31, 2023 and December 31, 2022, 24,509,950 and 27,523,219 shares outstanding at December 31, 2023 and December 31, 2022, respectively		285		285
Additional paid-in capital		273,991		279,454
Retained earnings		164,340		171,763
Treasury Stock, at cost; 4,012,550 shares at December 31, 2023 and 999,281 shares at December 31, 2022		(40,016)		(12,072)
Unallocated common shares held by Employee Stock Ownership Plan		(20,080)		(20,993)
Accumulated other comprehensive loss		(22,880)		(24,719)
Total shareholders’ equity		355,640		393,718
Total liabilities and shareholders’ equity	$	2,044,963	$	2,043,338

See accompanying notes to the consolidated financial statements.

Information security risks have generally increased in recent years because of the proliferation of new technologies, the use of the Internet and telecommunications technologies to conduct financial and other transactions and the increased sophistication and activities of perpetrators of cyber-attacks and mobile phishing. Mobile phishing, Phishing, a means for identity thieves to obtain sensitive personal information through fraudulent e-mail, text or voice mail, is an emerging threat targeting the customers of financial entities. A failure in or breach of our operational or information security systems, or those of our third-party service providers, as a result of cyber-attacks or information security breaches or due to employee error, malfeasance or other disruptions could adversely affect our business, result in the disclosure or misuse of confidential or proprietary information, damage our reputation, increase our costs and/or cause losses.

BLUE FOUNDRY BANCORP
Consolidated Statements of Operations
(Dollars in thousands)

If this confidential or proprietary information were to be mishandled, misused or lost, we could be exposed to significant regulatory consequences, reputational damage, civil litigation and financial loss.

Although we employ a variety of physical, procedural and technological safeguards to protect this confidential and proprietary information from mishandling, misuse or loss, these safeguards do not provide absolute assurance that mishandling, misuse or loss of the information will not occur, and that if mishandling, misuse or loss of information does occur, those events will be promptly detected and addressed. Similarly, when confidential or proprietary information is collected, compiled, processed, transmitted or stored by third parties on our behalf, our policies and procedures require that the third party agree to maintain the confidentiality of the information, establish and maintain policies and procedures designed to preserve the confidentiality of the information, and permit us to

confirm the third party's compliance with the terms of the agreement. As information security risks and cyber threats continue to evolve, we may be required to expend additional resources to continue to enhance our information security measures and/or to investigate and remediate any information security vulnerabilities.

Risks associated with system failures, interruptions, or breaches of security could negatively affect our earnings.

Information technology systems are critical to our business. We use various technology systems to manage our customer relationships, general ledger, securities, deposits, and loans. We have established policies and procedures to prevent or limit the impact of system failures, interruptions, and security breaches, but such events may still occur and may not be adequately addressed if they do occur. In addition, any compromise of our systems could deter customers from using our products and services. Although we rely on security systems to provide the security and authentication necessary to effect the secure transmission of data, these precautions may not protect our systems from compromises or breaches of security.

In addition, we outsource a majority of our data processing to third-party providers. If these third-party providers encounter difficulties, or if we have difficulty communicating with them, our ability to adequately process and account for transactions could be affected, and our business operations could be adversely affected. Threats to information security also exist in the processing of customer information through various other vendors and their personnel.

The occurrence of any system failures, interruptions, or breaches of security could damage our reputation and result in a loss of customers and business, subject us to additional regulatory scrutiny or expose us to litigation and possible financial liability. Any of these events could have a material adverse effect on our financial condition and results of operations.

The inability to stay current with technological change could adversely affect our business model.

Financial institutions continually are required to maintain and upgrade technology in order to provide the most current products and services to their customers, as well as create operational efficiencies. This technology requires personnel resources, as well as significant costs to implement. Failure to successfully implement technological change could adversely affect the Company's business, results of operations and financial condition.

Our operations rely on certain third party vendors.

	For the year ended December 31, 2022	2021
Interest income:		
Loans	$ 52,279	$ 48,719
Taxable investment income	9,678	6,821
Non-taxable investment income	456	513
Total interest income	62,413	56,053
Interest expense:		
Deposits	5,738	7,884
Borrowed funds	4,832	5,220
Total interest expense	10,570	13,104
Net interest income	51,843	42,949
Release of provision for loan losses	(1,001)	(2,518)
Net interest income after release of provision for loan losses	52,844	45,467
Non-interest income:		
Fees and service charges	2,156	1,975
Gain (loss) on securities, net	14	(1)

We rely on certain external vendors to provide products and services necessary to maintain our day-to-day operations. These third party vendors are sources of operational and informational security risk to us, including risks associated with operational errors, information system interruptions or breaches and unauthorized disclosures of sensitive or confidential client or customer information. If these vendors encounter any of these issues, or if we have difficulty communicating with them, we could be exposed to disruption of operations, loss of service or connectivity to customers, reputational damage, and litigation risk that could have a material adverse effect on our business and, in turn, our financial condition and results of operations.

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In addition, our operations are exposed to risk that these vendors will not perform in accordance with the contracted arrangements under service level agreements. While we have selected these external vendors carefully, we do not control their actions. The failure of an external vendor to perform in accordance with the contracted arrangements under service level agreements, because of changes in the vendor's organizational structure, financial condition, support for existing products and services or strategic focus or for any other reason, could be disruptive to our operations, which could have a material adverse effect on our business and, in turn, our financial condition and results of operations. Replacing these external vendors could also entail significant delay and expense.

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We depend on our management team, many of whom are new to the Bank, to implement our business strategy and execute successful operations and we could be harmed by the loss of their services.

We depend upon the services of the members of our senior management team to implement our business strategy and execute our operations. Over the last several years we have hired certain senior level management to implement the Bank's new focus and direction. Our future success will depend, to a significant extent, on the ability of our new management team to operate effectively, both individually and as a group. We must successfully manage issues that may result from the integration of the new members of our executive management. Members of our senior management team and lending personnel who have expertise and key business relationships in our markets could be difficult to replace. The loss of these persons or our inability to hire additional qualified personnel, could impact our ability to implement our business strategy and could have a material adverse effect on our results of operations and our ability to compete.

While our Board of Directors takes an active role in cybersecurity risk tolerance, we rely to a large degree on management and outside consultants in overseeing cybersecurity risk management.

Our Board of Directors takes an active role in the cybersecurity risk tolerance of the Company and all members receive cybersecurity training annually. The Board reviews the annual risk assessments and approves information technology policies, which include cybersecurity. Furthermore, our Audit Committee is responsible for reviewing all audit findings related to information technology general controls, internal and external vulnerability, and penetration testing. We also engage outside consultants to support our cybersecurity efforts. However, our directors do not have significant experience in cybersecurity risk management outside of the Company and therefore, its ability to fulfill its oversight function remains dependent on the input it receives from management and outside consultants.

Our cost of operations is high relative to our revenues.

Our non-interest expense totaled $52.8 million $51.6 million and $74.7 million $52.8 million for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively. We continue to analyze our expenses and achieve efficiencies where available. Although we strive to generate increases in both net interest income and non-interest income, our efficiency ratio remains high. For the year ended December 31, 2021, one-time expenses include an $11.2 million loss related to the withdrawal from the multi-employer defined-benefit pension plan and a $9.0 million contribution to the Blue Foundry Charitable Foundation. Our efficiency ratio was 96.82% 117.93% and 164.37% 97.39% for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively.

The cost of additional finance and accounting systems, procedures and controls in order to satisfy our new public company reporting requirements will increase our expenses.

As a result of the completion of the stock offering, we became a public reporting company. We expect that the obligations of being a public company, including the substantial public reporting obligations, will require significant expenditures and place additional demands on our management team. We have made, and will continue to make,

Fees and service charges

Gain on securities, net

Gain on sale of loans

Other income	494	505
Total non-interest income	2,664	2,479
Non-interest expense:		
Compensation and benefits	29,247	25,735
Loss on pension withdrawal	—	11,206
Occupancy and equipment	7,625	7,929
Data processing	5,754	6,933
Debt extinguishment costs	—	2,155
Advertising	1,061	2,390
Professional services	4,127	4,528
(Release of) provision for commitments and letters of credit	(311)	689
Federal deposit insurance	381	494
Contribution to Blue Foundry Charitable Foundation	—	9,000
Other expense	4,900	3,591
Total non-interest expense	52,774	74,670

changes to our internal controls and procedures for financial reporting and accounting systems to meet our reporting obligations as a public company. However, the measures we take may not be sufficient to satisfy our obligations as a public company. Section 404 of the Sarbanes-Oxley Act requires annual management assessments of the effectiveness of our internal control over financial reporting, starting with the second annual report that we would expect to file with the Securities and Exchange Commission. reporting. Any failure to achieve and maintain an effective internal control environment could have a material adverse effect on our business. In addition, we may need to hire additional compliance, accounting and financial staff with appropriate public company experience and technical knowledge, and we may not be able to do so in a timely fashion. As a result, we may need to rely on outside consultants to provide these services for us until qualified personnel are hired. These obligations will increase our operating expenses and could divert our management's attention from our operations.

Income (loss) before income tax expense		2,734	(26,724)
(Loss) income before income tax expense			
Income tax expense	Income tax expense	338	9,618
Net income (loss)		$ 2,396	$ (36,342)
Basic and diluted earnings (loss) per share		$ 0.09	$ (2.99)
Net (loss) income			
Basic and diluted (loss) earnings per share			
Weighted average shares outstanding-basic	Weighted average shares outstanding-basic	26,165,841	12,171,050
Weighted average shares outstanding-diluted	Weighted average shares outstanding-diluted	26,270,864	12,171,050

Weighted average shares outstanding-basic	23,925,724	26,165,841
Weighted average shares outstanding-diluted	23,925,724	26,270,864

See accompanying notes to the consolidated financial statements.

We are a community bank and our ability to maintain our reputation is critical to the success of our business and the failure to do so may materially adversely affect our performance.

We are a community bank and our reputation is one of the most valuable assets of our business. A key component of our business strategy is to rely on our reputation for customer service and knowledge of local markets to expand our presence by capturing new business opportunities from existing and prospective customers in our market area and contiguous areas. As such, we strive to conduct our business in a manner that enhances our reputation. This is done, in part, by recruiting, hiring and retaining employees who share our core values of being an integral part of the communities we serve, delivering superior service to our customers and caring about our customers. If our reputation is negatively affected by the actions of our employees, by our inability to conduct our operations in a manner that is appealing to current or prospective customers, or otherwise, our business and operating results may be materially adversely affected.

BLUE FOUNDRY BANCORP
Consolidated Statements of Comprehensive Loss
(In thousands)

	Year Ended December 31, 2022	Year Ended December 31, 2021
Net income (loss)	$ 2,396	$ (36,342)
Other comprehensive (loss) income, net of tax (1):		
Unrealized loss on securities available for sale:		
Unrealized loss arising during the period	(37,260)	(3,118)
Reclassification adjustment for (gain) loss included in net income	(14)	1
	(37,274)	(3,117)
Unrealized gain on cash flow hedge:		
Unrealized gain arising during the period	11,693	2,733
Reclassification adjustment for (gain) loss included in net income	(356)	1,007
	11,337	3,740
Post Retirement plans:		
Net benefit arising from plan amendment (2)	504	—
Net gain (loss) arising during the period	858	(115)
Reclassification adjustment for amortization of:		
Net actuarial loss	228	151
	1,590	36
Total other comprehensive (loss) income, net of tax (1):	(24,347)	659
Comprehensive loss	$ (21,951)	$ (35,683)

Our risk management framework may not be effective in mitigating risk and reducing the potential for significant losses.

Our risk management framework is designed to minimize risk and loss to us. We seek to identify, measure, monitor, report and control our exposure to risk, including strategic, market, liquidity, compliance and operational risks. While we use broad and diversified risk monitoring and mitigation techniques, these techniques are inherently limited because they cannot anticipate the existence or future development of currently unanticipated or unknown risks. Recent economic conditions and heightened legislative and regulatory scrutiny of the financial services industry, among other developments, have increased our level of risk. Accordingly, we could suffer losses if we fail to properly anticipate and manage these risks.

Risks Related to Regulatory Matters

Changes in laws and regulations and the cost of regulatory compliance with new laws and regulations may adversely affect our operations and/or increase our costs of operations.

We are subject to extensive regulation, supervision and examination by our banking regulators. Such regulation and supervision govern the activities in which a financial institution and its holding company may engage and are intended primarily for the protection of insurance funds and the depositors and borrowers of Blue Foundry Bank rather than for the protection of our shareholders. Regulatory authorities have extensive discretion in their supervisory and enforcement activities, including the ability to impose restrictions on our operations, classify our assets and determine the level of our allowance for credit losses. These regulations, along with the currently existing tax, accounting, securities, deposit insurance and monetary laws, rules, standards, policies, and interpretations, control the methods by which financial institutions conduct business, implement strategic initiatives, and govern financial reporting and disclosures. As a smaller institution, we are disproportionately affected by the ongoing increased costs of compliance with banking and other regulations. Any change in such regulation and oversight, whether in the form of regulatory policy, new regulations, legislation or supervisory action, may have a material impact on our operations. Further, changes in accounting standards can be both difficult to predict and involve judgment and discretion in their interpretation by us and our independent accounting firm. These changes could materially impact, potentially retroactively, how we report our financial condition and results of operations.

We are subject to stringent capital requirements, which may adversely impact our return on equity, require us to raise additional capital, or restrict us from paying dividends or repurchasing shares.

Federal regulations establish minimum capital requirements for insured depository institutions, including minimum risk-based capital and leverage ratios, and define what constitutes "capital" for calculating these ratios. The regulations also establish a "capital conservation buffer" of 2.5%, effectively resulting in the following minimum ratios: (1) a common equity Tier 1 capital ratio of 7.0%, (2) a Tier 1 to risk-based assets capital ratio of 8.5%, and (3) a total capital ratio of 10.5%. An institution will be subject to limitations on paying dividends, repurchasing its shares, and paying discretionary bonuses, if its capital levels fall below the buffer amount.

	Year Ended December 31, 2023	2022
	(In thousands)	
Net (loss) income	$ (7,397)	$ 2,396
Other comprehensive (loss) income, net of tax (1):		40
Unrealized gain (loss) on securities available-for-sale:		
Unrealized gain (loss) arising during the period	5,504	(37,260)
Reclassification adjustment for gain included in net income	(20)	(14)
	5,484	(37,274)
Unrealized (loss) gain on cash flow hedge:		
Unrealized gain arising during the period	1,963	11,693
Reclassification adjustment for gain included in net income	(5,472)	(356)
	(3,509)	11,337
Post-Retirement plans:		
Net benefit arising from plan amendment (2)	—	504
Net gain (loss) arising during the period	—	858
Reclassification adjustment for amortization of:		
Net actuarial (loss) gain	(136)	228
	(136)	1,590
Total other comprehensive income (loss), net of tax (1):	1,839	(24,347)
Comprehensive loss	$ (5,558)	$ (21,951)

Increasing scrutiny and evolving expectations from customers, regulators, investors, and other stakeholders with respect to our environmental, social and governance practices may impose additional costs on us or expose us to new or additional risks.

Companies are facing increasing scrutiny from customers, regulators, investors, and other stakeholders related to their environmental, social and governance ("ESG") practices and disclosure. Investor advocacy groups, investment funds and influential investors are also increasingly focused on these practices, especially as they relate to the environment, health and safety, diversity, labor conditions and human rights. Increased ESG-related compliance costs could result in increases to our overall operational costs. Failure to adapt to or comply with regulatory requirements or investor or stakeholder expectations and standards could negatively impact our reputation, ability to do business with certain partners, and our stock price. New government regulations could also result in new or more stringent forms of ESG oversight and expanding mandatory and voluntary reporting, diligence, and disclosure.

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(1) Includes a deferred tax valuation allowance equal to the net tax benefit.
(2) Benefit arising from plan amendment approved in June 2022

See accompanying notes to the consolidated financial statements.

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Non-compliance with the USA PATRIOT Act, Bank Secrecy Act, or other laws and regulations could result in fines or sanctions.

The USA PATRIOT and Bank Secrecy Acts require financial institutions to develop programs to prevent financial institutions from being used for money laundering and terrorist activities. If such activities are detected, financial institutions are obligated to file suspicious activity reports with the U.S. Treasury's Office of Financial Crimes Enforcement Network. These rules require financial institutions to establish procedures for identifying and verifying the identity of customers seeking to open new financial accounts. Failure to comply with these regulations could result in fines or sanctions, including restrictions on conducting acquisitions or establishing new branches. During the last year, several banking institutions have received large fines for non-compliance with these laws and regulations. The policies and procedures we have adopted that are designed to assist in compliance with these laws and regulations may not be effective in preventing violations of these laws and regulations.

BLUE FOUNDRY BANCORP
Consolidated Statements of Changes in Shareholders' Equity
Year Ended December 31, 2022 December 31, 2023 and 2021 2022
(In thousands, except share data)

Changes in management's estimates and assumptions may have a material impact on our consolidated financial statements and our financial condition or operating results.

In preparing the periodic reports we file under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including our consolidated financial statements, our management is required under applicable rules and regulations to make estimates and assumptions as of specified dates. These estimates and assumptions are based on management's best estimates and experience at such times and are subject to substantial risk and uncertainty. Materially different results may occur as circumstances change and additional information becomes known. Areas requiring significant estimates and assumptions by management include our evaluation of the adequacy of our allowance for credit losses, the determination of our deferred income taxes, and our fair value measurements.

	Common Stock Shares	Common Stock Par Value	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Unallocated Common Stock Held by ESOP	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
	(In thousands, except share data)							
Balance at January 1, 2021	100,000	$ 10	$ 822	$205,799	$ —	$ —	$ (1,031)	$ 205,600
Net loss	—	—	—	(36,342)	—	—	—	(36,342)
Other comprehensive income	—	—	—	—	—	—	659	659
Proceeds of stock offering and issuance of common shares (net of issuance costs of $4.8 million)	27,672,500	268	273,330	—	—	—	—	273,598
Issuance of common shares donated to the Blue Foundry Charitable Foundation	750,000	7	7,493	—	—	—	—	7,500
Purchase of common shares by the ESOP (2,281,800 shares)	—	—	—	—	—	(22,818)	—	(22,818)

Various factors may make takeover attempts more difficult to achieve.

Certain provisions of our certificate of incorporation and bylaws and state and federal banking laws, including regulatory approval requirements, could make it more difficult for a third party to acquire control of Blue Foundry Bancorp without our Board of Directors' approval. Under regulations applicable to the conversion, for a period of three years following completion of our stock offering and related transactions in July 2021, no person may acquire beneficial ownership of more than 10% of our common stock without prior approval of the Federal Reserve Board. Under federal law, subject to certain exemptions, a person, entity or group must notify the Federal Reserve Board before acquiring control of a bank holding company. There also are provisions in our certificate of incorporation and bylaws that may be used to delay or block a takeover attempt, including a provision that prohibits any person from voting more than 10% of our outstanding shares of common stock. Furthermore, shares of restricted stock and stock options that we may grant to employees and directors, stock ownership by our management and directors, shares held by the employee stock ownership plan and other factors may make it more difficult for companies or persons to acquire control of Blue Foundry Bancorp without the consent of our Board of Directors. Taken as a whole, these statutory provisions and provisions in our certificate of incorporation and bylaws could result in our being less attractive to a potential acquirer and thus could adversely affect the market price of our common stock.

	Common Stock Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Unallocated Common Stock Held by ESOP	Total Shareholders' Equity
	(In thousands, except share data)							
ESOP shares committed to be released (91,272 hares)	—	—	361	—	—	913	—	1,274
Balance at December 31, 2021	28,522,500	$285	$282,006	$169,457	$ —	$ (21,905)	$ (372)	$ 429,471
Balance at January 1, 2022								
Net income	—	—	—	2,396	—	—	—	2,396
Other comprehensive loss	—	—	—	—	—	(24,347)	—	(24,347)
Purchase of Treasury stock	(1,298,762)	—	—	—	(15,618)	—	—	(15,618)
Treasury stock allocated to restricted stock plan	229,491	—	(3,456)	(90)	3,546	—	—	—
Compensation cost for stock options and restricted stock	—	—	664	—	—	—	—	664
ESOP shares committed to be released (91,272 shares)	—	—	240	—	—	912	—	1,152
Balance at December 31, 2022	27,523,219	$285	$279,454	$171,763	$(12,072)	$ (20,993)	$ (24,719)	$ 393,718

Our New York State multifamily loan portfolio could be adversely impacted by changes in legislation or regulation.

Multifamily loans generally involve a greater risk than residential real estate loans because of legislation and government regulations involving rent control and rent stabilization, which are outside the control of the borrower or the Bank. This could impair the value of the collateral securing the loan or the future cash flow of such properties. For example in 2019, New York State passed the Housing Stability & Tenant Protection Act, impacting one million rent-regulated apartment units. The Legislation, limited rent increases from material capital improvements, eliminated the ability for apartments to exit rent regulation, did away with vacancy decontrol and high-income deregulation and repealed the 20% vacancy bonus. As of December 31, 2023, the Company has approximately $109 million, or 7.4% of total loans, in New York multifamily loans that have some form of rent stabilization or rent control. Of these loans, only 18% and 13% reprice or mature in 2024 and 2025, respectively, with the remainder maturing or repricing in 2026 through 2030.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Risk Management and Strategy

Our risk management program is designed to identify, assess and mitigate risks across various aspects of our company, including financial, operational, regulatory, reputational and legal. Cybersecurity is a critical component of this program, given the increasing reliance on technology and potential of cyber threats. Our Chief Information Security Officer is primarily responsible for this cyber security component and is a key member of the risk management organization, reporting directly to the Chief Risk Officer.

Our objective for managing cybersecurity risk is to avoid or minimize the impacts of external threat events or other efforts to penetrate, disrupt or misuse our systems or information. The structure of our information security program is designed around the National Institute of Standards and Technology (“NIST”) Cybersecurity Framework, regulatory guidance and other industry standards. In addition, we leverage certain industry and government associations, third-party benchmarking, audits and threat intelligence feeds to facilitate and promote program effectiveness. Our Chief Information Security Officer and our Chief Technology Officer, who reports directly to our President and Chief Executive Officer, along with key members of their teams, regularly collaborate with peer banks, industry groups and policymakers to discuss cybersecurity trends and issues and identify best practices. The information security program is periodically reviewed by such personnel with the goal of addressing changing threats and conditions.

We employ an in-depth, layered, defensive strategy that embraces a “trust by design” philosophy when designing and/or implementing new products, services and technology. We leverage people, processes and technology as part of our efforts to manage and maintain cybersecurity controls. We also employ a variety of preventative and detection tools designed to monitor, block and provide alerts regarding suspicious activity, as well as to report on suspected advanced persistent threats. We have established processes and systems designed to mitigate cyber risk, including regular and on-going education and training for employees, preparedness simulations and tabletop exercises and recovery and resilience tests. We engage in regular assessments of our infrastructure, software systems and network architecture, using internal cybersecurity risks, associated with external service providers and our supply chain. We also actively monitor our email gateways for malicious phishing email campaigns and monitor remote connections as a significant portion of our workforce has the option to work remotely. We leverage internal and external auditors and independent external partners to periodically review our processes, systems and controls, including with respect to our information security program, to assess their design and operating effectiveness and make recommendations to strengthen our risk management program.

Balance at December 31, 2022

Cumulative effect of adopting ASU 2016-13

Cumulative effect of adopting ASU 2022-02

None. 42

We maintain a Cyber Incident Response Procedure that provides a documented framework for responding to actual and potential cybersecurity incidents, including timely notification of and escalation to the appropriate Board-approved management committees and to the Enterprise Risk Committee of our Board of Directors. The Cyber Incident Response Procedure is coordinated through the Chief Information Security Officer and key members of management are embedded into the Plan by its design. The Cyber Incident Response Procedure facilitates coordination across multiple parts of our organization and is evaluated at least annually.

Notwithstanding our defensive measures and processes, the threat posed by cyber-attacks is severe. Our internal systems, processes and controls are designed to mitigate loss from cyber-attacks and, while we have experienced cybersecurity incidents in the past, to date, risks from cybersecurity threats have not materially affected our company. For further discussion of risks from cybersecurity threats, see the section captioned “Cyber-attacks or other security breaches could adversely affect our operations, net income or reputation” in Item 1A. Risk Factors.

Cybersecurity Governance

Management Committee Oversight

The Company has established an Information Risk Management Subcommittee, chaired by the Chief Information Security Officer and supported by leaders from departments across the Company. The Cybersecurity function is provided by qualified financial service technology professionals, with extensive certifications and/or advanced degrees in cybersecurity. Cybersecurity knowledge is expanded across all areas of Information Technology and is foundational in the approach from planning to execution. The subcommittee focuses on strategic and tactical delivery, policy oversight, and the assessment and management of material risks from cybersecurity threats. Policies are also shared with the Enterprise Risk Management Committee to provide an additional second line review in alignment with Enterprise Risk functions. All Information Security activity is lead by the Chief Information Security Officer, which includes developing and implementing the information security program and reporting cyber security matters to the Board. The Chief Information Security Officer has many years of experience leading cybersecurity governance and operations in financial services, supported by staff cybersecurity specialists. Management provides cybersecurity statistics and details to the Board quarterly.

Board Committee Oversight

The Company's Board Enterprise Risk Committee provides oversight of the cyber program. The Committee consists of Board members, chaired by an independent director. Committee members have extensive experience in various disciplines including risk management, communications, litigation, banking and transactional matters, and regulatory compliance. The Board Committee receives regular reports informing on the effectiveness of the overall cybersecurity program and the detection, response, and recovery from significant cyber incidents. Cybersecurity metrics are reported quarterly to the Committee and Key Risk Indicators are reported.

ITEM 2. PROPERTIES

At December 31, 2022 December 31, 2023, the Company and the Bank conducted business through 18 20 full-service branch offices, located in northern New Jersey and the Company's administrative offices located at 7 Sylvan Way, Parsippany, New Jersey. The Company's principal executive office is located at 19 Park Avenue, Rutherford, New Jersey.

We own six five properties and lease 12 16 properties at December 31, 2022 December 31, 2023. Three branches are expected to open in 2023, increasing the number of leased properties to 15. One owned branch office is expected to cease operations and the building sold during the second quarter of 2023, decreasing the properties owned to five. The aggregate net book value of premises and equipment was $29.8 million $32.5 million at December 31, 2022 December 31, 2023.

ITEM 3. LEGAL PROCEEDINGS

Periodically, we are involved in claims and lawsuits, such as claims to enforce liens, condemnation proceedings on properties in which we hold security interests, claims involving the making and servicing of real property loans and other issues incident to our business. At December 31, 2022 December 31, 2023, we were not a party to any pending legal proceedings that we believe would have a material adverse effect on our financial condition, results of operations or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company's common stock is listed on the Nasdaq Global Select Market under the trading symbol "BLFY." Trading in the Company's common stock commenced on July 16, 2021. As of December 31, 2022 December 31, 2023, there were 1,254 1,308 stockholders of record. Certain shares of Blue Foundry Bancorp are held in "nominee" or "street" name

Treasury stock
allocation to restricted stock plan, net of forfeitures
Compensation cost for stock options and restricted stock
ESOP shares committed to be released (61,272 shares)
Balance at December 31, 2023

See accompanying notes to the consolidated financial statements.

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BLUE FOUNDRY BANCORP
Consolidated Statements of Cash Flows
(In thousands)

	Year Ended December 31,	
	2022	2021
Cash flows from operating activities		
Net income (loss)	$ 2,396	$ (36,342)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization of premises and equipment	2,662	2,347
Change in right of use asset	2,550	2,618
(Accretion) amortization of:		
Deferred loan fees, costs, premiums and discounts, net	(655)	1,107
Premiums and discounts on securities, net	1,065	893
Change in deferred taxes, net of valuation allowance	—	8,733
Release of provision for loan losses	(1,001)	(2,518)
(Gain) loss on sales and calls of securities	(14)	1
Increase in BOLI cash surrender value	(490)	(476)
Issuance of common shares donated to Blue Foundry Charitable Foundation	—	7,500
ESOP and stock-based compensation expense	1,816	1,274
(Increase) decrease in interest and dividends receivable	(1,521)	377
Increase in other assets	(2,247)	(1,945)
Decrease in other liabilities	590	4,325
Change in lease liability	(2,372)	(2,036)
Net cash provided by (used in) operating activities	2,779	(14,142)
Cash flows from investing activities		
Net (originations) repayments of loans receivable	(152,847)	86,975
Purchases of residential mortgage loans	(104,040)	(91,635)
Proceeds from sale of Real Estate Owned	—	618
Purchases of securities available for sale	(80,039)	(164,958)
Purchases of securities held to maturity	(10,600)	(23,362)
Proceeds from calls of securities held to maturity	—	7,000
Proceeds from sales and calls of securities available for sale	4,659	14,216

and accordingly, the number of beneficial owners of such shares is not known or included in the foregoing number.

The Company has not declared any dividends to holders of its common stock and we do not currently anticipate paying dividends on our common stock in the near future. Our Board of Directors has the authority to declare dividends on our shares of common stock, and may determine to pay dividends in the future, subject to financial condition, results of operations, tax considerations, industry standards, economic conditions, statutory and regulatory requirements that affect the payment of dividends by the Bank to the Company, and other relevant factors. No assurances can be given that any cash dividends will be paid or that, if paid, will not be reduced or eliminated in the future.

Principal payments and maturities on securities available for sale	47,875	65,002
Purchases of other investments	(150)	—
Purchase of Federal Home Loan Bank stock	(30,865)	—
Redemption of Federal Home Loan Bank stock	25,133	6,678
Proceeds from Assets held for sale	—	6,034
Purchases of premises and equipment	(5,364)	(11,902)
Net cash used in investing activities	(306,236)	(105,334)
Cash flows from financing activities		
Net change in deposits	41,822	(109,144)
Proceeds from advances from Federal Home Loan Bank	1,423,000	583,600
Repayments of advances from Federal Home Loan Bank	(1,298,000)	(727,500)
Net increase in advances by borrowers for taxes and insurance	(280)	(1,259)
Purchase of treasury stock	(15,349)	—
Net proceeds from issuance of common shares	—	250,180
Net cash provided by (used in) financing activities	151,193	(3,523)
Net decrease in cash and cash equivalents	(152,264)	(122,999)
Cash and cash equivalents at beginning of period	193,446	316,445
Cash and cash equivalents at end of period	$ 41,182	$ 193,446

Issuer Purchases of Equity Securities

The following table reports information regarding repurchases of our common stock during the quarter ended December 31, 2022 December 31, 2023 and the stock repurchase plans approved by our Board of Directors.

Period	Total Number of Shares Purchased (1)	Average Price paid Per Share	As part of Publicly Announced Plans or Programs	Yet to be Purchased Under the Plans or Programs (1)
October	223,436	$11.79	223,436	1,962,125
November	228,515	12.70	228,515	1,733,610
December	180,122	12.78	180,122	1,553,488
Total	632,073	12.40	632,073	

Period	Total Number of Shares Purchased (1)	Average Price paid Per Share	As part of Publicly Announced Plans or Programs	Yet to be Purchased Under the Plans or Programs (1)
October				
October				
October				
November				
December				
Total				

(1) On July 20, 2022 April 19, 2023, the Company adopted a its second program to repurchase up to 2,852,250 1,335,126 shares, or 10% 5%, of its outstanding common stock. This On August 16, 2023, the Company adopted its third repurchase program, which authorized the purchase of 5%, or 1,268,382 shares, of its outstanding common stock commencing upon the completion of the Company's second stock repurchase program on August 17, 2023. The third repurchase program has no expiration date and has 1,553,488 shares yet to be repurchased as of December 31, 2022. date.

	Year Ended December 31,	
	2023	2022
	(In thousands)	
Cash flows from operating activities		
Net (loss) income	$ (7,397)	$ 2,396
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization of premises and equipment	2,870	2,662
Change in right-of-use asset	2,822	2,550
(Accretion) amortization of:		
Deferred loan fees, costs, premiums and discounts, net	(598)	(655)
Premiums and discounts on securities, net	1,044	1,065
Release of provision for credit losses/loan losses	(441)	(1,001)
Gain on sales and calls of securities, net	(20)	(14)
Proceeds from sales of loans held for sale	5,479	—
Gains on sale of loans, net	(231)	—
Origination of loans held for sale	(5,248)	—
Loss on premises and equipment	13	—
Increase in BOLI cash surrender value	(458)	(490)
ESOP and stock-based compensation expense	3,774	1,816
Increase in interest and dividends receivable	(702)	(1,521)
Increase in other assets	(7,498)	(2,247)
(Decrease) increase in other liabilities	(2,892)	590
Change in lease liability	(2,635)	(2,372)
Net cash (used in) provided by operating activities	(12,118)	2,779
Cash flows from investing activities		
Net originations of loans receivable	(8,854)	(152,847)
Purchases of residential mortgage loans	(6,804)	(104,040)
Purchases of securities available-for-sale	(15,524)	(80,039)
Purchases of securities held-to-maturity	—	(10,600)
Proceeds from sales and calls of securities available-for-sale	11,674	4,659
Principal payments and maturities on securities available-for-sale	39,085	47,875

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ITEM 6. [RESERVED]

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This section is intended to assist in the understanding of the financial performance of the Company and its subsidiary through a discussion of our financial condition as of December 31, 2022 December 31, 2023, and our results of operations for the years ended December 31, 2022 December 31, 2023 and 2021. 2022. This section should be read in conjunction with the audited consolidated financial statements and notes to the consolidated financial statements that appear at the end of this report.

COVID Update

The COVID-19 pandemic has had, and may continue to have, an adverse impact on the Company, its clients and the communities it serves. Given its dynamic nature, it is difficult to predict the full impact of the COVID-19 pandemic on our business.

Business Strategy

The Company's goal is to position ourselves to prosper in an evolving financial services landscape and enhance our position as one of the leading community banking institutions in our market. We intend to continue to provide a broad array of banking and other financial services to retail, commercial and small business customers while growing our presence in our markets and expanding our franchise. In recent years, we have focused on, and invested heavily in, our technology and infrastructure to improve our delivery channels and create competitive products and services, a strong workforce and an enhanced awareness of our banking brand in our market area.

As a result, we believe we are well positioned to capitalize on the opportunities available in our market by focusing on the following core strategies.

Reposition our Business Mix: Focus on building commercial and small-business relationships. We focus on understanding our customers' and potential customers' financial needs and providing a wide variety of high-quality products and solutions through a collaborative approach that intends to create long-term relationships. Our goal is to continue to evolve from a traditional savings bank focusing on residential lending to a full-service commercial bank Grow funding sources with an emphasis on providing products core deposits to improve cost and services mix and improve our Loan/Deposit ratio. The Company's core banking strategy is ~~to~~ commercial target small ~~and~~ medium-sized businesses and to continue the transition to relationship driven business and retail customers to grow the deposit base. The focus on small and medium-sized businesses in our will seek to attract and develop customers whose businesses are growing. As these customers grow, they can become full-service relationships that provide both lower-cost core deposits and lending opportunities. Blue Foundry's market area. We believe pursuing this strategy will allow us to both grow area has many small and diversify our medium-sized business mix while providing us with the best opportunities to drive strong financial returns. attract, onboard and leverage. Opportunities also exist to gain the banking relationships of business owners, as well as their employees. While we have continued to maintain and deepen relationships with many of the commercial customers onboarded during PPP, we have also broadened the business customer offerings and have a full suite of cash management products for businesses. We anticipate steadily increasing deposit accounts each year. Critical to succeeding will be the ability to leverage technology, utilize management information, assign responsibility and accountability and develop a steady stream of referral opportunities to build quality relationships.

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Grow and further diversify the loan portfolio. The Company's overall strategy for loan growth and revenue generation will primarily be driven by further diversification into commercial lending, particularly CRE and C&I lending. Our market area includes a sizable number of small to medium-sized businesses, which are potentially full-service relationships that can provide both core deposits and lending opportunities. We intend to pursue these commercial relationships through the lending, retail branch and the retail business development personnel that we have recruited and continue to recruit, who have the experience and relationships necessary to build this business as well as through cultural changes that have been made across relationships with the organization that emphasize privately-owned businesses managed and/or operating within the market and those located in areas targeted for expansion. We look to partner with our goal of customers in their journey to build their businesses. We believe pursuing this strategy. strategy will allow us to both grow and diversify our business mix while providing us with the best opportunities to drive strong financial returns. Further, our investment in technology is intended to facilitate the delivery of consumer and business solutions without the need for traditional sales channels.

Improve operating leverage and efficiency. The Company seeks to achieve meaningful balance sheet growth to absorb narrowing margins and operating costs. Improving operating leverage and efficiency will assist in increasing revenue and managing operating expenses to reach necessary and expected performance targets.

We are approved by the SBA will continue to reduce redundant tasks and streamline workflows to provide loans under a consistently better customer experience. Management will continue to foster a culture of continuous improvement where each employee is empowered to find ways to make every process more efficient and effective in their daily routines. Benefits include increased employee engagement, customer satisfaction and loyalty and greater efficiency and productivity. As the 7(a) Loan Program, the SBA's most common loan program. We believe providing 7(a) loans Bank grows, processes must continue to be scaled, allowing for growth, ~~as well as~~ traditional commercial and industrial loans and lines addition of credit will allow us to provide needed funding to our business communities, which will increase deposits. These borrowers often also keep deposits at their loan providers.

Growing our Business: Developing new customer relationships and deepening existing relationships. We seek to expand our market share incremental capabilities without requiring similar growth in existing and contiguous markets by leveraging our distinctive brand and delivering high-quality solutions through a collaborative, relationship-based approach. Our relationship-based approach has enabled us to achieve disciplined organic growth, and we expect this trend to continue. Building our customer relationships around low and no cost products is part of our relationship expansion strategy. Our "Blue" products, including Blue Axis® Checking, Blue Axis Connect®, Blue Axis® Savings, Blue Axis Edge™ Savings, Blue Axis® Club Savings, Blue Carbon® Business Checking. Blue Carbon Edge™ Business Checking, Blue Carbon® Business Money Market, and Blue Carbon® Business Savings, are designed to be low cost to the consumer infrastructure or business, while providing us with lower interest rate deposits. Our consumer deposit products are designed to be easy to open in person or online. Our commercial deposit products include many features without fees that would customarily be charged.

staffing.

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BLUE FOUNDRY BANCORP
Consolidated Statements of Cash Flows
(In thousands)

	Year Ended December 31, 2023	2022
Purchases of other investments	—	(150)
Purchases of Federal Home Loan Bank stock	(57,200)	(30,863)
Redemption of Federal Home Loan Bank stock	52,875	25,133
Proceeds from bank owned life insurance	582	—
Proceeds from sale of fixed assets	38	—
Purchases of premises and equipment	(5,571)	(5,364)
Net cash provided by (used in) investing activities	10,301	(306,236)
Cash flows from financing activities		
Net change in deposits	(43,958)	41,822
Proceeds from advances from Federal Home Loan Bank	2,292,000	1,423,000
Repayments of advances from Federal Home Loan Bank	(2,205,000)	(1,298,000)
Net increase in advances by borrowers for taxes and insurance	(373)	(280)
Purchase of treasury stock	(36,009)	(15,349)
Net cash provided by financing activities	6,660	151,193
Net increase (decrease) in cash and cash equivalents	4,843	(152,264)
Cash and cash equivalents at beginning of period	41,182	193,446
Cash and cash equivalents at end of period	$ 46,025	$ 41,182

	Year Ended December 31, 2023	2022
	(In thousands)	
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest	$10,714	$12,836
Income taxes	190	150
Supplemental noncash disclosures		

Transfers of assets to held for sale	$ 917	$ 892
Transfers of assets to held for sale		
Transfers of loans to other real estate owned		
Lease liabilities arising from obtaining right-of-use assets	2,999	3,197
Purchase of common shares by the ESOP	—	22,818

See accompanying notes to the consolidated financial statements.

Leverage Leveraging technology to enhance customer experience and drive operating efficiencies. We have made significant investments in our technology infrastructure to deliver high-quality, innovative products and services to our customers. For example, we continue to enhance our mobile banking platform for both consumer and commercial customers. New services, such as Early Pay, same day ACH, and "sweep" functionality, enable revenue growth will continue to be introduced to increase convenience and meet evolving customer financial needs. In addition, we have invested in our new commercial lending origination system and platform, and we intend to continue to improve our consumer lending origination platform. We are committed to continue investing in technology and data analytics. We believe these investments will differentiate us with our target customers, which will generate significant operating leverage as we grow.

Continuing to invest and optimize our facilities and expand our branch network through selective de novo branching. We have been enhancing and optimizing both our facilities and branch network. We have optimized our branch footprint though the utilization of a new forward-thinking branch model and intend to continue this strategy in 2023 to broaden our existing branch network by expanding into new markets and extending our geographic footprint. In 2022, we opened a new branch in Hoboken, continuing our strategy of operating in high density areas with vibrant commercial corridors and main streets. Additionally, we renovated three existing locations, modernizing their appearance and upgrading their functionalities. New branches feature modern design elements focused on open and efficient use of space.

Branch efficiency has been built into our locations. All branches currently employ new multifunction automated teller machines that are designed to be compatible with new services as they become available. Further, all branches utilize teller cash recycling machines to further enhance efficiency.

Pursue opportunistic acquisitions and partnerships. We intend to prudently pursue opportunities to acquire banks in our existing and contiguous markets that create attractive financial returns. Our focus will primarily be on franchises that enhance our funding profile, product capabilities or geographic density, while maintaining an acceptable risk profile. We believe the vital need to make increasingly significant technological investments has greatly amplified the importance of scale in banking. In addition, we believe that the current economic climate will increase the rate of consolidation in the banking industry. We will evaluate potential partnerships with FinTech companies or other fee income generating businesses that align with our business strategy and are consistent with our desire to stay ahead of technological developments that we believe strategic focus. The Bank will continue to cause the banking industry explore and evaluate technology offerings from FinTechs to evolve.

~~identify partnering opportunities to enhance systems, infrastructure, processes, and/or organizational structure to improve delivery channels or ensure regulatory~~ compliance. The Company recognizes that technology must be nimble and quick, and touch points must be customer friendly. The Bank also wants to ensure that all system options and capabilities are utilized to more efficiently and effectively make better use of all resources.

Critical Accounting Policies

BLUE FOUNDRY BANCORP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 2023 and 2021 2022

Certain of our accounting policies are important to the presentation of our financial condition, since they require management to make difficult, complex or subjective judgments, some of which may relate to matters that are inherently uncertain. Estimates associated with these policies are susceptible to material changes as a result of changes in facts and circumstances. Facts and circumstances that could affect these judgments include, but are not limited to, changes in interest rates, changes in the performance of the economy and changes in the financial condition of borrowers. The Company has identified the allowance for loan credit losses on loans and income taxes to be a critical accounting policy. These accounting policies and our significant accounting policies are discussed in detail in Note 1 to our Consolidated Financial Statements included in Part II, Item 8.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Blue Foundry Bancorp (the "Company"), and its wholly owned subsidiary, Blue Foundry Bank (the "Bank"), and the Bank's wholly owned subsidiaries, TrackView LLC, Blue Foundry Service Corp., Rutherford Center Development Corp., Blue Foundry Investment Company (collectively, the "Company"). All intercompany accounts and transactions have been eliminated in consolidation. Blue Foundry Bancorp owns 100% of the common stock of Blue Foundry Bank.

Business

The Company provides a wide range of banking services to individual and business customers through branch offices in New Jersey. The Company is subject to competition from other financial institutions and to the regulations of certain federal and state agencies, and undergoes periodic examinations by those regulatory authorities.

Comparison of Operating Results for the Years Ended December 31, 2022 December 31, 2023 and 2021 2022

On July 15, 2021, the Company became the holding company for the Bank when Blue Foundry, MHC completed its conversion into the stock holding company form of organization. In connection with the conversion, the Company sold 27,772,500 shares of common stock at a price of $10 per share, for gross proceeds of $277.7 million. The Company contributed 750,000 shares of common stock and $1.5 million in cash to Blue Foundry Charitable Foundation, Inc. and established an Employee Stock Ownership Plan ("ESOP") acquiring 2,281,800 shares of common stock. Shares of the Company's common stock began trading on July 16, 2021 on the Nasdaq Global Select Market under the trading symbol "BLFY".

General. Net The Company recorded a net loss for the year ended December 31, 2023 of $7.4 million compared to net income was of $2.4 million for the year ended December 31, 2022, compared to a net loss of $36.3 million for the year ended December 31, 2021. The increase decrease was largely driven by an increase a decrease of $8.9 million $9.2 million in net interest income and by the absence in the 2022 period of non-recurring expenses incurred in 2021 consisting of the establishment of a $16.7 million valuation allowance on the Company's deferred tax assets, an $11.2 million loss related to the withdrawal from the multi-employer defined-benefit pension plan, a $9.0 million contribution of cash and common stock of the Company to the Blue Foundry Charitable Foundation, and $2.2 million in debt extinguishment costs. income.

Basis of Financial Statement Presentation

Interest Income. Interest income increased $6.4 million $16.7 million, or 11.3% 26.7%, to $79.1 million for the year ended December 31, 2023 from $62.4 million for the year ended December 31, 2022 from $56.1 million for the year ended December 31, 2021. The increase was due to an increase of $3.6 million in market rates with interest income from loans and an increase of $2.9 million in interest income from cash securities increasing $13.4 million and securities $3.3 million, respectively. The average balance of securities and loans increased $89.1 million and $132.6 million $162.1 million, respectively, while the average balance balances of cash and securities decreased $267.8 million. Interest

The consolidated financial statements of the Company have been prepared in conformity with U.S. generally accepted accounting principles. The audited consolidated financial statements reflect all normal and recurring adjustments which are, in the opinion of management, considered necessary for a fair presentation of the financial condition and results of operations for the periods presented. In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statement of financial condition and revenues and expenses for the period. Actual results could differ from those estimates. Some items in the We may reclassify prior year financial statements were reclassified to conform to the current presentation. Reclassifications had no effect on prior year net income or shareholders' equity. The results of operations and other data presented for the year ended December 31, 2022 December 31, 2023 are not necessarily indicative of the results of operations that may be expected for subsequent periods.

period increased due to growth in the multifamily and non-residential mortgage portfolios. The yield on average interest-earning assets

Interest Expense. Interest expense increased 40 basis points $26.6 million, or 251.8%, to 3.28% $37.2 million for the year ended December 31, 2022 from 2.88% for the year ended December 31, 2021. PPP fees recognized in interest income totaled $568 thousand and $2.8 million for the years ended December 31, 2022 and 2021, respectively.

Cash and Cash Equivalents

Cash and cash equivalents include cash and deposits with other financial institutions with maturities fewer than 90 days.

Interest Expense. Interest expense decreased $2.5 million, or 19.3%, December 31, 2023 compared to $10.6 million for the year ended December 31, 2022 compared to $13.1 million for the year ended December 31, 2021. The decrease increase in interest expense was driven by a decrease increases of $2.1 million $18.4 million and $8.2 million in interest expense on deposits coupled with a decrease of $388 thousand and borrowings, respectively due to an increase in interest expense on borrowings. rates paid. The average balance of interest-bearing deposits and FHLB advances decreased $61.6 million and $45.4 million, respectively. A increased $160.7 million offset by a small decrease of $197.4 million in the average balance of higher cost time interest bearing deposits partially offset by an increase of $135.8 million in the average balance of $1.9 million. Balances shifted from interest-bearing core deposits (checking, savings and money market accounts) drove a 12 basis point decrease in the cost of total to higher-cost time deposits and a 8 basis point decrease in the cost of funds. The cost of with average interest-bearing liabilities decreased 12 basis points to 0.72% for the year ended December 31, 2022 from 0.84% for the year ended December 31, 2021 core deposits declining by $90.3 million and average time deposits increasing $88.4 million.

Securities

Debt securities are classified as held to maturity held-to-maturity and carried at amortized cost when management has the positive intent and ability to hold them to maturity. Securities to be held for indefinite periods of time and not intended to be held to maturity held-to-maturity are classified as available for sale available-for-sale and carried at fair value. Unrealized holding gains and losses on securities available for sale available-for-sale are excluded from earnings with unrealized holding gains and losses reported in other comprehensive income, net of tax adjusted for deferred tax valuation allowances, until realized. Securities available for sale available-for-sale are those which management intends to use as part of its asset/liability management strategy and which may be sold in response to changes in interest rates, resultant prepayment risk and other factors related to interest rate risk. Gains and losses on sales are recognized on a trade-date basis using the specific identification method.

Net Interest Income and Margin. For the year ended December 31, 2022 December 31, 2023 net interest income ... $9.9 million or 20.7% 19.1%, compared to $42.9 million $51.8 million for same period in 2021 2022.

Premiums and discounts on securities are amortized amortized/accreted to income using the level yield method or a method that approximates level yield. Premiums are amortized over the remaining period to the earliest call date or contractual maturity, adjusted for anticipated prepayments. Discounts on securities are accreted to income over the remaining period to the contractual maturity, adjusted for anticipated prepayments. Interest income is recognized on an accrual basis.

Net interest margin for the year ended December 31, 2022 increased December 31, 2023 decreased by 53 64 basis points to 2.73% 2.09% from 2.20% 2.73% for the year ended December 31, 2021 December 31, 2022. The yield on average interest earning interest-earning assets increased by 40 66 basis points as cash was invested into higher yielding loans and securities during to 3.94% for the year ended December 31, 2023 from 3.28% for the year ended December 31, 2022, while the overall cost of average interest bearing interest-bearing liabilities decreased 12 increased 158 basis points to 2.30% for the year ended December 31, 2023 from 0.72% for the year ended December 31, 2022. The total cost of deposits increased 148 basis points and the total cost of funds increased 156 basis points. 68 63

Allowance for Credit Losses on Securities

Management evaluates securities for On January 1, 2023, the Company adopted ASU 2016-13, which eliminates the concept of other-than-temporary impairment ("OTTI") on, at least, and instead requires entities to determine if impairment is related to credit loss or non-credit loss. In making the assessment of whether a quarterly basis, and more frequently when economic loss is from credit or market conditions warrant such an evaluation. For debt securities in an unrealized loss position, other factors, management considers the extent and duration of the unrealized loss, and the financial condition and near-term prospects of the issuer. Management also assesses whether it intends to sell, or it is more likely than not that it will be required to sell, a security in an unrealized loss position before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the entire difference between amortized cost and which fair value is recognized as impairment through earnings. For debt securities that do not meet less than amortized cost, any changes to the aforementioned criteria, rating of the amount of impairment is split into two components as follows: (1) OTTI security by a rating agency and adverse conditions related to the security, among other factors. If this assessment indicates that a credit loss which must be recognized in the income statement and (2) OTTI related to other factors, which is recognized in other comprehensive income. The credit loss is defined as the difference between exists, the present value of the cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows is less than the amortized cost basis, a credit loss exists and an allowance is created, limited by the amount that the fair value is less than the amortized cost basis.

Provision for Loan Credit Losses. Provisions for loan credit losses are charged to operations to establish an allowance for loan losses at a level necessary to absorb potential losses inherent in our loan portfolio that are both probable and reasonably estimable at credit losses. The Company adopted ASU No. 2016-13, "Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments," which replaces the date of the consolidated financial statements. In evaluating the level of the allowance incurred loss model for loan losses, management analyzes several qualitative loan portfolio risk factors including, but not limited to, management's ongoing review and ... and net investments in certain leases recognized by a lessor. Prior year disclosures have not been restated.

The allowance for credit losses on held-to-maturity debt securities is initially recognized upon acquisition of the securities, and subsequently remeasured on a recurring basis. Expected credit losses on held-to-maturity debt securities through the life of the financial instrument are estimated and recognized as an allowance for credit losses on the balance sheet with a corresponding adjustment to current earnings. Subsequent favorable or unfavorable changes in expected cash flow will decrease or increase the allowance for credit losses through a charge to the provision for credit losses.

After an evaluation of these factors, the Company recorded a net release of provision for credit losses of $441 thousand for the year ended December 31, 2023 compared to a release of provision for loan losses of $1.0 million for the year ended December 31, 2022 compared to. The net release of provision in 2023 consisted of a $146 thousand provision on loans, a release of $2.5 million provision of $575 thousand for the year ended December 31, 2021. The commitments and letters of credit and a release

Management measures expected credit losses on held-to-maturity securities on a collective basis by major security type. The held-to-maturity portfolio is classified into the following major security types: corporate bonds and asset-backed securities. respectively, coupled with limited growth in the loan portfolio driven

At each reporting period, the Company evaluates whether the securities in a segment continue to exhibit similar risk characteristics as the other securities in the segment. If the risk characteristics of a security change, such that they are no longer similar to other securities in the segment, the Company will evaluate the security with a different segment that shares more similar risk characteristics.

The Company has a non-accrual policy that results in a timely reversal of interest receivable, therefore the Company made the election to exclude accrued interest receivable on securities from the estimate of credit losses.

Derivatives

The Company uses derivative financial instruments as components of its market risk management, principally to manage interest rate risk. At the inception of a derivative contract, the Company designates the derivative as one of three types based on the Company's intentions and belief as to likely effectiveness as a hedge. These three types are (1) a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment ("fair value hedge"), (2) a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow hedge"), or (3) an instrument with no hedging designation ("stand-alone derivative"). For a fair value hedge, the gain or loss on the derivative, as well as the offsetting loss or gain on the hedged item, are recognized in current earnings as fair values change. For a cash flow hedge, the gain or loss on the derivative is reported in other comprehensive income and is reclassified into earnings in the same periods during which the hedged transaction affects earnings. For

by declines in balances within the construction portfolio partially offset by growth in the multifamily and non-residential portfolios and a generally improving economic environment, as well as improved credit metrics and low net charge-offs.

both types of derivatives, changes in the fair value of derivatives that are highly effective in hedging the changes in fair value or expected cash flows of the hedged item are [illegible] hedge accounting are reported currently in earnings, as non-interest income. As of December 31, 2022 December 31, 2023, and December 31, 2021 December 31, 2022, the Company's derivatives are all designated in cash flow hedges.

portfolio.

hedge relationships.

Non-interest Income. Non-interest The Company recorded non-interest income of $2.7 million $1.8 million for the year ended December 31, 2022 represented an [illegible]

[illegible] million recorded for the year ended December 31, 2022. Additionally, The reduction was primarily due to a decrease in prepayment fees earned from point of sale transactions totaled $502 $748 thousand during as the increase in market rates slowed prepayments on loans. In addition, the Company discontinued charging overdraft fees in the fourth quarter of 2022 resulting in no overdraft fees for the year ended December 31, 2022 December 31, 2023 compared to $476 overdraft fees totaling $242 thousand for the 2021 same period

The Company formally documents the relationship between derivatives and hedged items, as well as the risk-management objective and the strategy for undertaking hedge transactions at the inception of the hedging relationship. This documentation includes linking fair value or cash flow hedges designating specific swap agreements to specific assets and liabilities on the balance sheet or to specific forecasted transactions.

[illegible] December 31, 2022 totaled $255 thousand compared to $234 thousand for the 2021 period. Beginning 2023, resulting in November 2022, the Company ended its practice gains on sales of charging overdraft fees to customers. loans totaling $231 thousand.

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Non-interest Expense. Non-interest expense was totaled $51.6 million and $52.8 million, for the year ended December 31, 2023 and 2022, respectively, a decrease of $21.9 million $1.2 million or 2.3%. Excluding the provision for commitments and letters of credit, which prior to January 1, 2023 was recorded in non-interest expense, non-interest expense decreased $1.5 million. The decrease was primarily driven by the professional fees and advertising expenses of non-recurring expenses of: a $11.2 million loss on pension withdrawal, a $9.0 million [illegible] thousand, respectively, partially offset by increases of $725 thousand in debt extinguishment costs. Excluding these non-recurring items [illegible] equipment expense, $365 thousand in data processing and $418 thousand in FDIC assessment. Occupancy and equipment expense increased $464 thousand. An increase as a result of $3.5 million in additional branches and branch renovations. In addition, compensation and benefits costs was driven declined by salary increases, hiring of additional staff, an increase in $808 thousand to $28.4 million for the year ended December 31, 2023, due to lower cash incentive compensation expense and offset in part by costs associated with equity grants made under the shareholder-approved equity incentive plan. In addition, the costs associated with being a public company increased $1.0 million in 2022. These increases were partially offset by a reduction of $1.3 million in advertising and $1.2 million in data processing, and a lower provision for commitments and letters of credit of $1.0 million.

When hedge accounting is discontinued, subsequent changes in fair value of the derivative are recorded as non-interest income. When a fair value hedge is discontinued, the hedged asset or liability is no longer adjusted for changes in fair value and the existing basis adjustment is amortized or accreted over the remaining life of the asset or liability. When a cash flow hedge is discontinued but the hedged cash flows or forecasted transactions are still expected to occur, gains or losses that were accumulated in other comprehensive income are amortized into earnings over the same periods which the hedged transactions will affect earnings.

Income Tax Expense. For the year ended December 31, 2022, the Company recorded income The Company's current tax expense of $338 thousand compared to $9.6 million for the year ended December 31, 2021. The effective tax rate of 12.4% position reflects the reversal of the valuation allowance from the usage of the federal and state net operating loss deferred tax assets to the extent permissible. The Company had previously established and continues to maintain a full valuation allowance on its deferred tax assets. Although At December 31, 2023, the valuation allowance on deferred tax assets was $24.1 million. The Company had did not record a tax benefit for the loss before income tax in the prior year, the tax expense recorded in that year reflects the impact of the initial recognition of the incurred during 2023 because a full valuation allowance was required on the Company's its deferred tax assets. The effective tax rate for the year ended December 31, 2022 was 12.4% and was the result of the taxable income produced during the year ended December 31, 2022, partially offset by the ability to utilize a portion of the net operating losses that were fully reserved.

The Company is exposed to losses if a counterparty fails to make its payments under a contract in which the Company is in the net receiving position. The Company anticipates that the counterparties will be able to fully satisfy their obligations under the agreements. All the contracts to which the Company is a party settle monthly or quarterly. In addition, the Company obtains collateral above certain thresholds of the fair value of its hedges for each counterparty based upon their credit standing and the Company has netting agreements with the dealers with which it does business.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

Fair Value of Financial Instruments

Analysis of Net Interest Income

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Net interest income represents the difference between income on interest-earning assets and expense on interest-bearing liabilities. Net interest income depends on the relative amounts of interest-earning assets and interest-bearing liabilities and the rates of interest earned on such assets and paid on such liabilities.

FHLB stock and Other Investments

Average Balances and Yields. The following table presents information regarding average balances of assets and liabilities, the total dollar amounts of interest income and dividends from average interest-earning assets, the total dollar amounts of interest expense on average interest-bearing liabilities, and the resulting annualized average yields and costs. The yields and costs for the periods indicated are derived by dividing income or expense by the average balances of assets or liabilities, respectively, for the periods presented. Average balances have been calculated using daily balances. Non-accrual loans are included in average balances only. Loan origination fees are included in interest income on loans and are not material.

Other investments consists primarily of membership and activity-based shares in the FHLBNY. FHLB of New York. Members are required to own a certain amount of stock based on the level of borrowings and other factors. FHLBNY FHLB stock is carried at cost, which approximates fair value, classified as a restricted security, and periodically evaluated for impairment based on ultimate recovery of par value. Both cash and stock dividends are reported as income. Other investments also consists of, to a much lesser extent, an investment in a financial technology fund carried at net asset value ("NAV") and shares in a cooperative that provides community banking core technology solutions carried at cost. The fair value of the financial technology fund investment is estimated using the NAV of the Company's ownership interest in partners' capital, which approximates fair value. Increases or decreases in NAV are recorded in other income.

	Year Ended December 31,					
	2022			2021		
	Average Balance	Interest	Average Yield/Cost	Average Balance	Interest	Average Yield/Cost

Loans Receivable

Loans receivable are stated at unpaid principal balance, net of deferred fees, costs, premiums and discounts and the allowance for loan losses. credit losses on loans. Interest on loans is recognized based upon the principal amount outstanding. Loan fees and certain direct loan origination costs are deferred, and the net fee or cost is recognized in interest income using the level yield method over the contractual life of the individual loans, adjusted for actual prepayments.

The loan portfolio is categorized according to collateral type, loan purpose, lien position, or borrower type (i.e., commercial, consumer). The categories used include residential one-to-four family, multifamily, non-residential, construction and land, junior liens, commercial and industrial, and consumer and other.

For all loan classes, the accrual of income on loans, including impaired loans, is generally discontinued when a loan becomes 90 days delinquent or when certain factors indicate reasonable doubt as to the ability of the borrower to meet contractual principal and/or interest obligations. Loans on which the accrual of income has been discontinued are designated as nonaccrual loans. All previously accrued interest is reversed and income is recognized subsequently only in the period received, provided the remaining principal balance is deemed collectible. A nonaccrual loan is not returned to an accrual status until principal and interest payments are brought current and factors indicating doubtful collection no longer exist.

Principal and interest payments received on non-accrual loans for which the remaining principal balance is not deemed collectible are applied as a reduction to principal and interest income is not recognized. If the principal balance on the loan is later deemed collectible and the loan is returned to accrual status, any interest payments that were applied to principal while on non-accrual are recorded as an unearned discount on the loan, classified as deferred fees, costs and discounts, and are recognized into interest income using the level-yield method over the remaining contractual life of the individual loan, adjusted for actual prepayments.

Allowance for Loan Credit Losses on Loans

Under the CECL model, the allowance for credit losses on financial assets is a valuation allowance estimated at each balance sheet date in accordance with U.S. GAAP and is deducted from the financial assets' amortized cost basis to present the net amount expected to be collected on the financial assets.

The Company estimates the allowance for credit losses on loans based on the underlying assets' amortized cost basis, which is the amount at which the financing receivable is originated or acquired, adjusted for applicable accretion or amortization of premium, discount, net deferred fees or costs, collection of cash, and charge-offs. In the event that collection of principal becomes uncertain, the Company has policies in place to write-off accrued interest receivable by reversing interest income in a timely manner. Therefore, the Company has made a policy election to exclude accrued interest from the amortized cost basis and therefore excludes it from the measurement of the allowance for credit loss.

Changes in expected credit losses are reflected through a charge to the provision for credit losses. The Company's estimate of the allowance for credit loss reflects losses expected over the remaining contractual life of the assets. When the Company deems all or a portion of a financial asset to be uncollectible, the appropriate amount is written off and the allowance for credit losses is reduced by the same amount. The Company applies judgment to determine when a financial asset is deemed uncollectible. When available information confirms that specific loans, securities, other assets, or portions thereof, are uncollectible, these amounts are charged-off against the allowance for credit losses. Subsequent recoveries, if any, are credited to the allowance for credit losses when received.

The Company measures expected credit losses of financial assets on a collective portfolio segment basis when the financial assets share similar risk characteristics. The Company measures expected credit losses using discounted cash flows ("DCF") models at the portfolio segment level, whereby the total shortfall in comparing the portfolio segment DCFs to the amortized cost basis reflects management's estimate of expected credit losses.

Our CECL models for loans include the following major items:

- a historical loss period, which represents a full economic credit cycle utilizing loss experience including peer bank historical loss data, to calculate probabilities of default at the portfolio segment level;
- macroeconomic variable forecasts, including the national housing price index, unemployment, and gross domestic product, to adjust probabilities of default over a reasonable and supportable forecast period of one year, based on management's current review of the reliability of extended forecasts;
- a reversion period of one year to adjust probabilities of default (after the reasonable and supportable forecast period) to historical means using a straight-line approach;
- a risk index that measures loss given defaults as a function of probabilities of default at the portfolio segment level;
- expected prepayment rates based on our historical experience and benchmark assumptions where internal data is limited; and
- incorporation of qualitative factors not captured within the modeled results.

For collateral dependent financial assets where the Company has determined that foreclosure of the collateral is probable and where the borrower is experiencing financial difficulty, the allowance for credit loss is measured based on the difference between the fair value of the collateral and the amortized cost basis of the asset as of the measurement date. Fair value is calculated based on the value of the underlying collateral less an appraisal discount and the estimated cost to sell.

Prior to the adoption of ASU 2016-13, the allowance for loan losses ~~is~~ was a valuation allowance for probable and reasonably estimable incurred credit losses in the loan portfolio as of the balance sheet date. Loan losses are were charged against the allowance when management ~~believes~~ believed the uncollectability of a loan balance ~~is~~ was confirmed. Subsequent recoveries, if any, are were credited to the allowance. Management estimates estimated the allowance balance required for all portfolio segments using past loan loss experience, the nature and volume of the portfolio, information about specific borrower situations and estimated collateral values, economic conditions, and other factors. Allocations of the allowance may be have been made for specific loans, but the entire allowance ~~is~~ was available for any loan that, in management's judgment, should be charged off.

Interest bearing deposits	1,225,207	5,738	0.47 %	1,286,789	7,884		1,223,273	24,116	24,116	1.97 / 1.97 %
FHLB advances	235,589	4,832	2.05 %	280,985	5,220	1.86 %	396,265	13,070	13,070	3.30 / 3.30 %
Total interest bearing liabilities	1,460,796	10,570	0.72 %	1,567,774	13,104	0.84 %	1,619,538	37,186	37,186	2.30 / 2.30 %
Non-interest bearing deposits	44,029			106,033						
Non-interest bearing other	47,707			47,560						
Total liabilities	1,552,532			1,721,367						
Total shareholders' equity	414,630			314,527						
Total liabilities and shareholders' equity	$ 1,967,162			$ 2,035,894						
Net interest income		$ 51,843			$ 42,949					
Net interest rate spread (2)			2.56 %			2.04 %				1.64 %
Net interest margin (3)			2.73 %			2.20 %				2.0

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The allowance consists consisted of specific and general components. The specific component of the allowance relates related to loans that are were individually classified as impaired. A loan is was considered impaired when, based on current information and events, it is was probable that the Company will would be unable to collect all amounts due according to the contractual terms of the loan agreement. Loans for which the terms have had been modified resulting in a concession and for which the borrower is was experiencing financial difficulties, are were considered troubled debt restructurings (“TDR”) and classified as impaired.

Factors considered by management in determining impairment include included payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience experienced insignificant payment delays and payment shortfalls generally are were not classified as impaired. Management determines determined the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower’s prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

Impaired loans are were measured based on the present value of expected future cash flows, discounted at the loan’s effective interest rate, or, as a practical expedient, at the loan’s observable market price or the fair value of the collateral if the loan is collateral dependent. Large groups of smaller balance (generally $400,000 or less) homogeneous loans, such as consumer and residential real estate loans, are were collectively evaluated for impairment. Impaired loans also include included all nonaccrual non-residential, multifamily and construction and land loans and troubled debt restructurings.

Troubled debt restructured loans are were those loans whose terms have had been modified such that a concession has had been granted because of deterioration in the financial condition of the borrower. Modifications could include have included extension of the terms of the loan, reduced interest rates and forgiveness of accrued interest and/or principal. Once an obligation has had been classified a troubled debt restructuring, it continues continued to be considered a troubled debt restructuring and is was individually evaluated for impairment until paid in full. For a cash flow dependent loan, the Company records recorded an impairment charge equal to the difference between the present value of the estimated future cash flows under the restructured terms discounted at the loans original effective interest rate and the original loan’s carrying amount. For a collateral dependent loan, the Company records recorded an impairment when the current estimated fair value of the property, net of estimated selling costs, that collateralizes collateralized the impaired loan is was less than the recorded investment in the loan.

The general component of the allowance covers covered non impaired loans and is was based on historical loss experience adjusted for current qualitative factors. The historical loss experience is was a quantitative factor determined by portfolio segment and is was based on the actual loss history experienced by the Company. The qualitative factors include included consideration of the following:

- Changes in lending policies and procedures, including changes in underwriting standards and collection, charge-off, and recovery practices not considered elsewhere in estimating credit losses.
- Changes in international, national, regional, and local economic and business conditions and developments that affect the collectability of the portfolio, including the condition of various market segments.
- Changes in the nature and volume of the portfolio and in the terms of loans.
- Changes in the experience, ability, and depth of lending management and other relevant staff.
- Changes in the volume and severity of past due loans, the volume of nonaccrual loans, and the volume and severity of adversely classified or graded loans.
- Changes in the quality of the institution's loan review system.
- Changes in the value of underlying collateral for collateral-dependent loans.
- The existence and effect of any concentrations of credit, and changes in the level of such concentrations.
- The effect of other external factors such as competition and legal and regulatory requirements on the level of estimated credit losses in the institution's existing portfolio.

(1) Average loan balances are net of deferred loan fees and costs, premiums and discounts and includes non-accrual loans.
(2) Net interest rate spread represents the difference between the yield on interest-earning assets and the cost of interest-bearing liabilities.
(3) Net interest margin represents net interest income divided by average interest-earning assets.

The loan portfolio is was categorized according to collateral type, loan purpose, lien position or borrower type (i.e., commercial, consumer). The categories used include included residential one-to-four family, multifamily, non-residential, construction and land, junior liens, commercial and industrial and consumer and other.

Rate/Volume Table

... and volumes on net interest income. The rate column shows the effects attributable to changes in rate (changes in rate multiplied by prior volume). The volume column shows the effects attributable to changes in volume (changes in volume multiplied by prior rate). The net column represents the sum of the prior columns. Changes attributable to changes in both rate and volume that cannot be segregated have been allocated proportionally based on the changes due to rate and the changes due to volume. There were no out-of-period items or adjustments excluded from this table.

Allowance for Credit Losses on Off-Balance-Sheet Exposures

The Company records changes in the allowance for credit losses on off-balance-sheet credit exposures through a charge to provision for credit losses. The allowance for credit loss on off-balance-sheet credit exposures is estimated by portfolio segment at each balance sheet date under the CECL model using the same methodologies as portfolio loans, taking into consideration management's assumption of the likelihood that funding will occur, and is included in other liabilities on the Company's consolidated balance sheets. Prior to the adoption of 2016-13, the change in the allowance on off-balance-sheet credit exposures was charged to non-interest income.

Premises and Equipment

Premises and equipment, including leasehold improvements, are generally stated at cost less accumulated depreciation, amortization and fair value adjustments. Depreciation and amortization is computed primarily using the straight-line method over the estimated useful lives of the assets or leases. Repair and maintenance items are expensed and major improvements are capitalized. Upon retirement or sale, any gain or loss is credited or charged to operations. Construction in process represents costs incurred to develop properties for future use.

	Years Ended December 31, 2022 vs. 2021		
	Increase (Decrease) Due to		
	Volume	Rate	Net
	(In thousands)		
Interest income:			
Loans	$ 5,068	$ (1,508)	$ 3,560
Mortgage-backed securities	669	357	1,026
Other investment securities	1,207	376	1,583
FHLB stock	(91)	(66)	(157)
Cash and cash equivalents	(334)	682	348
Total interest-earning assets	$ 6,519	$ (159)	$ 6,360
Interest expense:			
Deposits	$ (1,977)	$ (169)	$ (2,146)
FHLB advances	(843)	455	(388)
Total interest-bearing liabilities	(2,820)	286	(2,534)
Net increase in net interest income	$ 9,339	$ (445)	$ 8,894

Leases and Lease Obligations

The Company enters into leases in the normal course of business primarily for financial centers, administrative and office operations locations, and information technology equipment. The Company's leases have remaining terms ranging from less than one to 15 years, some of which include renewal or termination options to extend the lease for up to 10 years. The Company's leases do not include residual value guarantees or covenants. The Company includes lease extension and termination options in the lease term if, after considering relevant economic factors, it is reasonably certain the Company will exercise the option. In addition, the Company has elected to account for any non-lease components in its real estate leases as part of the associated lease component. The Company has also elected not to recognize leases with original lease terms of 12 months or less (short-term leases) on the Company's balance sheet.

Leases are classified as operating or finance leases at the lease commencement date. Lease expense for operating leases and short-term leases is recognized on a straight-line basis over the lease term. Right-of-use assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Right-of-use assets ("ROU") and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term.

The Company uses its incremental borrowing rate at lease commencement to calculate the present value of lease payments when the rate implicit in a lease is not known. The Company's incremental borrowing rate is based on the FHLB advance rate, adjusted for the lease term and other factors.

Bank Owned Life Insurance

The Company has purchased life insurance policies on certain key individuals. Bank owned life insurance is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement.

Income Taxes

Income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The Company evaluates the realizability of deferred tax assets at least annually in accordance with ASC 740-10-30-5(e), and may determine that it is more-likely-than-not that a portion or all of the assets would require a valuation allowance. During the fourth quarter of 2021, Based on this evaluation, the Company recorded maintained a full valuation allowance on all outstanding its net deferred tax assets in the amount as of $16.8 million. December 31, 2023 and 2022.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The measurement of deferred tax assets is reduced by a valuation allowance for the amount of the deferred tax asset that is more likely than not to be realized.

	Year Ended December 31, 2023 vs. 2022		
	Increase (Decrease) Due to		
	Volume	Rate	Net
	(In thousands)		
Interest income:			
Loans	$ 6,029	$ 7,377	$ 13,406
Mortgage-backed securities	(379)	138	(241)
Other investment securities	[illegible]	[illegible]	1,190
FHLB stock	400	595	995
Cash and cash equivalents	(383)	1,725	1,342
Total interest-earning assets	$ 5,487	$ 11,205	$ 16,692
Interest expense:			
Interest-bearing deposits	$ 245	$ 18,133	$ 18,37[illegible]
FHLB advances	3,285	4,953	8,238
Total interest-bearing liabilities	3,530	23,086	26,616

Net increase in net interest income	1,957	$ (11,881)	$ (9,924)

Comparison of Financial Condition at December 31, 2022 December 31 December 31, 2023 and 202221

December 31, 2022

Total Assets. Total assets increased $129.1 million $1.6 million to $2.04 billion at December 31, 2022 from $1.91 billion at December 31, 2021 December 31, 2023. During 2022, the Company utilized liquidity raised in the 2021 public offering to continue growing its balance sheet through loan production.

A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded.

Cash and cash equivalents. Cash and cash equivalents decreased $152.3 million increased $4.8 million, or 78.7% 11.8%, to $46.0 million at December 31, 2023 from $41.2 million at December 31, 2022 from $193.4 million at December 31, 2021. The decrease in cash and cash equivalents was due to the deployment of cash primarily into higher yielding loans and securities.

Securities Available-For-Sale. Securities available-for-sale decreased $10.6 million $30.5 million, or 3.3% 9.7%, to $283.8 million at December 31, 2023 from $314.2 million at December 31, 2022 from $324.9 million at December 31, 2021 due to amortization, maturities, calls and sales during the year. In addition, the unrealized loss on available-for-sale securities increased by $5.5 million. During the year ended December 31, 2022 December 31, 2023, purchases the Company sold $9.1 million of securities were more than offset by the fair value decline in the portfolio, as well as amortization and calls. The rising rate environment in the second half of 2022 contributed to a $37.3 million decline in the net unrealized position of the portfolio. No securities were sold during the year ended December 31, 2022. available-for-sale securities.

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Securities Held-To-Maturity. Securities held-to-maturity increased $10.4 million, or 44.8%, to totaled $33.3 million at December 31, 2023 decreasing $451 thousand from $33.7 million at December 31, 2022, primarily due to amortization.

The Company recognizes interest and/or penalties related to income tax matters in other operating expenses.

Other investments. Other investments increased $4.3 million, or 26.6%, to $20.3 million at December 31, 2023 from $23.3 million $16.1 million at December 31, 2021 December 31, 2022. The increase is due to purchases of corporate bonds in 2022.

Retirement Benefits

Effective January 1, 2020 the Defined Benefit Plan adopted by the Company was amended to freeze the plan, eliminating all future benefit accruals. In August, 2021, the Company announced its intent to withdraw from the DB Plan, effective September 30, 2021. The withdrawal was completed on December 1, 2021. The Company recorded a termination expense of $11.2 million.

The Company provides certain healthcare benefits, subject to certain limitations, to eligible retirees, based upon years of service and a retirement date prior to January 1, 2019. The Company also provides supplemental retirement benefits to certain directors. The Company measures the cost of these benefits based upon various estimates and assumptions. Costs are recognized as directors render service.

Employee Stock Ownership Plan

The cost of shares issued to the ESOP, but not yet allocated to participants, is shown as a reduction of shareholders' equity. Compensation expense is based on the market price of shares as they are committed to be released to participant accounts. Dividends on allocated ESOP shares reduce retained earnings; dividends on unearned ESOP shares reduce the ESOP's debt and accrued interest.

Other investments. Other investments increased $5.9 million, or 57.8%, to $16.1 million at December 31, 2022 from $10.2 million at December 31, 2021. The increase is was related to the purchases of Federal Home Loan Bank of New York stock made in conjunction with borrowings in the second half of 2022. 2023.

Share Based Share-Based Compensation

Gross Loans. Gross loans held for investment increased $261.1 million $15.6 million, or 20.37% 1.01%, to $1.542 billion $1.56 billion at December 31, 2022 December 31, 2023 from $1.281 billion $1.56 billion at December 31, 2021 December 31, 2022. The most significant drivers were net increases in multifamily and non-residential loans. Multifamily Construction loans increased $175.0 million $42.6 million, non-residential real estate loans increased $74.8 million, $16.4 million and residential commercial and industrial loans increased $33.5 million $7.1 million. These increases were partially offset by decreases in the residential and multifamily loan portfolios of $46.3 million and $8.1 million, respectively. Originations totaled $488.2 million $119.6 million during 2023, including originations of $285.4 million $35.6 million in multifamily construction loans, $128.7 million $27.4 million in non-residential real estate loans and $44.1 million $17.3 million in construction multifamily loans. In addition, $105.1 million of conforming residential mortgages in New Jersey were purchased during the period.

The Company maintains an equity incentive plan under which restricted stock and stock options may be granted to employees and directors.

The Company recognizes the cost of employee services received in exchange for awards of equity instruments based on the grant-date fair value of those awards in accordance with ASC 718, "Compensation-Stock Compensation." The Company estimates the per share fair value of option grants on the date of grant using the Black-Scholes option pricing model using assumptions for the expected dividend yield, expected stock price volatility, risk-free interest rate and expected option term. These assumptions are subjective in nature, involve uncertainties and, therefore, cannot be determined with precision. The Black-Scholes option pricing model also contains certain inherent limitations when applied to options that are not traded on public markets.

The per share fair value of options is highly sensitive to changes in assumptions. In general, the per share fair value of options will move in the same direction as changes in the expected stock price volatility, risk-free interest rate and expected option term, and in the opposite direction as changes in the expected dividend yield. For example, the per share fair value of options will generally increase as expected stock price volatility increases, risk-free interest rate increases, expected option term increases and expected dividend yield decreases. The use of different assumptions or different option pricing models could result in materially different per share fair values of options.

The Company recognizes compensation expense for the fair values of these awards, which have graded vesting, on a straight-line basis over the requisite service period of the awards. The Company's accounting policy is to recognize forfeitures as they occur.

The following table presents loans allocated by loan category:

Comprehensive Income (Loss)

Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss). Other comprehensive income (loss) includes unrealized gains and losses on both securities available for sale available-for-sale and derivatives, net of the related tax effect. Also included are changes in the unfunded status of the Company's defined benefit plans, net of the related tax effect, which are recognized as separate components of shareholders' equity.

	December 31, 2022	December 31, 2021
	(In thousands)	

Loss Contingencies

Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe there are such matters that will have a material effect on the consolidated financial statements.

	December 31, 2023	December 31, 2022
	(in thousands)	
Residential one-to-four family	$ 594,521	$ 560,976
Multifamily	690,278	515,240
Non-residential	216,394	141,561
Construction and land	17,990	23,419
Junior liens	18,477	18,464
Commercial and industrial (1)	4,682	21,563
Consumer and other	38	87
Total gross loans	1,542,380	1,281,310
Deferred fees, costs and premiums and discounts, net	2,747	6,299
Total loans	1,545,127	1,287,609

Earnings per share

Basic earnings per share represents income available to common shareholders divided by the weighted-average number of common shares outstanding during the period. Unallocated ESOP shares are not deemed outstanding for earnings per share calculations. ESOP shares committed to be released are considered to be outstanding for purposes of the earnings per share computation. ESOP shares that have not been legally released, but that relate to employee services rendered during an accounting period (interim or annual) ending before the related debt service payment is made, are considered committed to be released. Diluted earnings per share reflects additional common shares that would have been outstanding if dilutive potential common shares had been issued, as well as any adjustment to income that would result from the assumed issuance. Potential common shares that may be issued by the Company relate to outstanding stock options awards and are determined using the treasury stock method. When applying the treasury stock method, we add: (1) the assumed proceeds from option exercises and (2) the average unamortized compensation costs related to unvested shares of restricted stock and stock options. We then divide this sum by our average stock price to calculate 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 EPS.

Treasury Stock

Repurchases of Company common stock are classified as treasury stock shares carried at cost and presented as a reduction of shareholders' equity. Treasury stock are not considered outstanding for share count purposes and are excluded from average common shares outstanding for basic and diluted earnings per share. Reissued treasury stock at an amount greater (less) than paid to repurchase the shares will result in a gain (loss) on the reissuance of the shares. The gain or loss will be recognized in shareholders' equity. A gain on the reissuance of treasury shares are credited to additional paid-in capital. A loss on the reissuance of treasury shares are debited to additional paid-in capital to the extent previous net gains from the same class of stock are included in additional paid-in capital. Losses in excess of gains in additional paid-in capital are charged to retained earnings.

Segment Reporting

The Company operates as a single operating segment for financial reporting purposes.

Adoption of New Accounting Standards

On January 1, 2023, the Company adopted Accounting Standards Update No. 2016-13, "Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments," which replaces the incurred loss model for loans and other financial assets with an expected loss model and is referred to as the current expected credit loss ("CECL") model. The Company adopted ASU 2016-13 using the modified retrospective method for all financial assets measured at amortized cost and off-balance-sheet credit exposures. The adoption of the new standard resulted in the Company recording an increase in the allowances for credit losses of $18 thousand, comprised of an increase of $660 thousand on loans, establishing a $170 thousand reserve on held-to-maturity securities and a reversal in the reserve for commitments and letters of credit of $811 thousand. There was no allowance for credit losses required on available-for-sale securities. The CECL model is applicable to the measurement of credit losses on financial assets measured at amortized cost, including loans receivable and held-to maturity debt securities. It also applies to off-balance-sheet credit exposures (loan commitments, standby letters of credit, financial guarantees and other similar instruments) and net investments in certain leases recognized by a lessor. In addition, the amendments in ASU 2016-13 require credit losses on available-for-sale securities to be presented as a valuation allowance rather than a direct write-down on the basis of the securities. Results for reporting periods beginning after January 1, 2023, are presented under CECL, while prior period amounts continue to be presented under previously-applied U.S. GAAP.

In addition, the Company adopted Accounting Standards Update No. 2022-02, "Financial Instruments - Credit Losses ("ASU 2022-02"): Troubled Debt Restructurings ("TDR") and Vintage Disclosures." The amendments in this ASU were issued to (1) eliminate accounting standards guidance for TDRs by creditors, while enhancing disclosure requirements for certain loan refinancing 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. The amendments in this ASU were applied on a modified retrospective basis to recognize any change in the allowance for credit losses that had been recognized for receivables previously modified (or reasonably expected to be modified) in a TDR. This election resulted in a cumulative-effect adjustment to retained earnings as of January 1, 2023 of $8 thousand.

	December 31, 2022	December 31, 2021
Multifamily	182	139
Non-residential	—	857
Construction and land	—	70
Junior liens	52	182
Commercial and industrial (1)	35	—
Total	$ 7,767	$ 11,983
Other real estate owned	—	—

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Total non-performing assets	$ 7,767	$ 11,983

(1) PPP loans 90 days past due and accruing totaled $61 thousand and $116 thousand at December 31, 2022 and 2021, respectively. These PPP loans were not reported in non-performing loans as they carry the federal guarantee of the SBA.

The Company adopted Accounting Standards Update No. 2020-04, "Reference Rate Reform ("ASU 2020-04"): Facilitation of the Effects of Reference Rate Reform on Financial Reporting," which provides temporary optional guidance to ease the potential burden in accounting for reference rate reform. ASU 2020-04 provides optional expedients and exceptions for applying GAAP to contracts and hedging relationships, subject to meeting certain criteria, that reference the London Inter-Bank Offered Rate ("LIBOR") or another reference rate expected to be discontinued. It is intended to help stakeholders during the year ended global market-wide reference rate transition period. The guidance was effective for all entities as of March 12, 2020 through December 31, 2022.

Accounting Standards Not Yet Adopted ***However, in December 2022, the FASB issued ASU 2022-06, deferring the sunset date to December 31, 2024. The adoption did not have a material impact on the Company's consolidated financial statements.***

As an "emerging growth company" as defined in Title 1 of the Jumpstart Our Business Startups (JOBS) Act prior to December 31, 2019, the Company elected to use the extended transition period to delay the adoption of new or reissued accounting pronouncements applicable to public companies until such pronouncements were made applicable to private companies.

	December 31, 2023	December 31, 2022
	(In thousands)	
Residential one-to-four family	$ 5,884	$ 7,498
Multifamily	146	182
Non-residential	—	—
Construction		
Junior liens		
Consumer and other		
Total	$ 6,118	$ 7,767
Other real estate owned	593	—
Total non-performing assets		

The FASB issued, but the Company has not yet adopted, ASU No. 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" to replace the incurred loss model for loans and other financial assets with an expected loss model, which is referred to as the current expected credit loss ("CECL") model. The CECL model is applicable to the measurement of credit losses on financial assets measured at amortized cost, including loan receivables and held-to maturity debt securities. It also applies to off-balance sheet credit exposures that are not unconditionally cancelable and not accounted for as insurance (undisbursed lines of credit, loan commitments, standby letters of credit, financial guarantees, and other similar instruments) and net investments in certain leases recognized by a lessor. In addition, the amendments in Topic 326 require credit losses on available-for-sale securities to be presented as a valuation allowance rather than a direct write-down on the basis of the securities. The Company adopted this standard on January 1, 2023.

The change from an incurred loss model to an expected loss model represents a fundamental shift from existing GAAP and may result in a material change to the Company's accounting for credit losses on financial instruments. To prepare for implementation of the new standard the Company established a cross functional steering committee comprised of members from different disciplines including finance, credit, risk management, internal audit, lending, and operations, among others. The Company has also engaged a third-party consultant to assist with

Other Assets. Other assets increased $13.0 million $4.9 million, or 138.0% 22.2%, to $27.1 million at December 31, 2023 from $22.2 million at December 31, 2022 from $8.6 million at December 31, 2021. This increase was primarily driven by the increase in fair value of the Company's interest rate swap agreements. See Note 10, 12, Derivatives, of Notes to Consolidated Financial Statements in "Part II, Item 8- Financial Statements."

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Total Deposits. Total deposits increased $41.8 million decreased $44.0 million or 3.4% to $1.24 billion at December 31, 2023 compared to $1.29 billion at December 31, 2022 compared due to $1.25 billion at December 31, 2021 as the Company executed its strategy to allow high-cost time deposits to mature. competitive rate environment in our primary market area. Time deposits decreased $57.5 million increased $180.4 million, or 12.1% 43.3%, to $596.6 million with a weighted average rate of 4.1% at December 31, 2023 from $416.3 million with a weighted average rate of 1.79% 1.8% at December 31, 2022 from $473.8 million with a weighted average rate of 0.58% at December 31, 2021. The decrease increase in time deposits was partially offset by due to an increase in checking, savings, and money market accounts. These accounts increased $99.4 million rates paid on these non-core deposits. Core deposits decreased $224.3 million, or 12.85% 25.7%, to $648.3 million at December 31, 2023 from $872.6 million at December 31, 2022 from $773.2 million at December 31, 2021. This shift resulted in the ratio of core deposits to total deposits increasing decreasing from 62.0% at December 31, 2021 to 67.7% at December 31, 2022 to 52.1% at December 31, 2023.

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model development, data governance and operational controls to support the adoption of this ASU. A detailed implementation plan was developed which included assessing the processes, portfolio segmentation, model development and validation, and system requirements and resources needed.

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The new credit loss models will include additional assumptions used to calculate credit losses over the estimated life of the financial assets and will include the impact of forecasted macroeconomic conditions. The Company has a system provider for modeling. Upon the Company's adoption of CECL, the change from the incurred loss model to the CECL model will be recognized through an adjustment to retained earnings. The future impact of CECL on the Company's allowance for credit losses, and provision expense, subsequent to initial adoption, will depend on changes in the loan and HTM securities portfolios, economic conditions, and refinements to key assumptions including forecasting and qualitative factors. Furthermore, the adoption of ASU 2016-13 will necessitate that we establish an allowance for expected credit losses for certain debt securities and other financial assets, however we do not expect these allowances to be significant.

Our CECL models will include the following major items as of the ASC 326 adoption date:

The following table presents the totals of deposit accounts by account type, at the dates shown below:

- a historical loss period, which represents a full economic credit cycle utilizing loss experience including peer historical loss data
- a reasonable and supportable forecast period of one year, based on management's current review of macroeconomic factors and the reliability of extended forecasts
- a reversion period (after the reasonable and supportable forecast period) of one year using a straight-line method
- expected prepayment rates based on our historical experience and benchmark assumptions where internal data is limited; and
- incorporation of qualitative factors not captured within the modeled results.

The Company adopted ASU 2016-13 on January 1, 2023. The adoption of ASU 2016-13 is not expected to have a significant impact on our financial statements or regulatory capital ratios.

	December 31, 2023	December 31, 2023	December 31, 2022
	(In thousands)		(In thousands)
Non-interest bearing deposits	$ 37,097	$ 44,894	

In March 2020, the FASB issued ASU 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting". The amendments provide expedients and exceptions for applying GAAP to contracts or hedging relationships affected by the discontinuance of LIBOR as a benchmark rate to alleviate the burden and cost of such modifications. The expedients and exceptions provided by the amendments do not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2022, except for hedging relationships existing as of December 31, 2022, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationship. The amendments also provide a one-time election to sell and/or transfer debt securities classified as held to maturity that reference a rate affected by reference rate reform. The update is in effect for a limited time from March 12, 2020 through December 31, 2022. The Company continues to evaluate its financial instruments indexed to USDLIBOR for which Topic 848 provides expedients, exceptions and elections. The Company is monitoring and assessing if transition plans are necessary and if it is appropriate for the Company to utilize transition relief. The Company continues to assess the expected impact of LIBOR cessation on the Company's Consolidated Financial Statements.

In January 2021, the FASB issued ASU 2021-01, "Reference Rate Reform (Topic 848): Scope". The update specifically addresses whether Topic 848 applies to derivative instruments that do not reference a rate that is expected to be discontinued but that instead use an interest rate for margining, discounting, or contract price alignment that is modified as a result of reference rate reform, commonly referred to as the "discounting transition." This ASU extends certain optional expedients provided in Topic 848 to contract modifications and derivatives affected by the discounting transition. The amendments in ASU 2021-01 may be applied under a retrospective approach as of any date from the beginning of an interim period that includes or is after March 12, 2020 or prospectively to new modifications made on or after any date within the interim period including January 7, 2021. The update is in effect for a limited time from March 12, 2020 through December 31, 2022. The update is not expected to have a material impact on the Company's Consolidated Financial Statements.

Total deposits

In March 2022, the FASB issued ASU No. 2022-02, "Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures". The amendments in this ASU were issued to (1) eliminate accounting guidance for 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. For entities that have adopted the amendments in ASU 2016-13, Measurement of Credit Losses on Financial Instruments, this update will be effective for financial statements issued for fiscal years and interim periods beginning after December 15, 2022. Early adoption is permitted. The amendments in this ASU should be applied prospectively, except for the transition method related to the recognition and measurement of TDRs, where there is an option to apply a modified retrospective transition method, resulting in a cumulative-effect adjustment to retained earnings in the period of adoption. The Company is currently evaluating the impact of this standard to the Consolidated Financial Statements.

NOTE 2 – SECURITIES

Debt Securities

The amortized cost of securities available for sale available-for-sale and their estimated fair values at December 31, 2022 December 31, 2023 and 2021 2022 are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(In thousands)			
Available for sale				
December 31, 2022				
U.S. Treasury Notes	$ 46,937	$ —	$ (3,178)	$ 43,759
Corporate Bonds	81,725	4	(5,431)	76,298
U.S. Government agency obligations	16,367	—	(944)	15,423
Obligations issued by U.S. states and their political subdivisions	16,559	49	(340)	16,268

Mortgage-backed securities:								
Residential one-to-four family		164,843		—		(24,657)		140,186
Multifamily		19,475		—		(1,317)		18,158
Asset-backed securities		4,525		—		(369)		4,156
Total available-for-sale	$	350,431	$	53	$	(36,236)	$	314,248
December 31, 2021								
U.S. Treasury Notes	$	36,933	$	4	$	(105)	$	36,832
Corporate Bonds		86,118		1,791		(290)		87,619
U.S. Government agency obligations		23,462		46		(179)		23,329
Obligations issued by U.S. states and their political subdivisions		19,172		1,152		—		20,324
Mortgage-backed securities:								
Residential one-to-four family		116,166		140		(1,905)		114,401
Multifamily		35,412		598		(94)		35,916
Asset-backed securities		6,538		3		(70)		6,471
Total available-for-sale	$	323,801	$	3,734	$	(2,643)	$	324,892

During the year ended December 31, 2022, proceeds from calls of securities available for sale totaled $4.7 million, resulting in gross realized gains of $14 thousand and no gross realized losses. During the year ended December 31, 2021, proceeds from calls of securities available for sale totaled $14.2 million, resulting in no gross realized gains and gross realized losses of $1 thousand. There were no securities sold during the years ended December 31, 2022 and 2021.

		Amortized Cost		Gross Unrealized Gains		Gross Unrealized Losses		Estimated Fair Value
				(In thousands)				
December 31, 2023								
U.S. Treasury Notes	$	36,935	$	—	$	(1,875)	$	35,060
Corporate Bonds		82,248		56		(5,681)		76,623
U.S. Government agency obligations		11,519		—		(379)		11,140
Obligations issued by U.S. states and their political subdivisions		6,423		—		(228)		6,195
Mortgage-backed securities:								
Residential one-to-four family		149,808		—		(21,266)		128,542
Multifamily		12,522		—		(999)		11,523
Asset-backed securities		15,010		—		(327)		14,683
Total	$	314,465	$	56	$	(30,755)	$	283,766
December 31, 2022								
U.S. Treasury Notes	$	46,937	$	—	$	(3,178)	$	43,759
Corporate Bonds		81,725		4		(5,431)		76,298
U.S. Government agency obligations		12,248		—		(782)		11,466
Obligations issued by U.S. states and their political subdivisions		16,559		49		(340)		16,268
Mortgage-backed securities:								
Residential one-to-four family		164,843		—		(24,657)		140,186
Multifamily		19,475		—		(1,317)		18,158
Asset-backed securities		8,644		—		(531)		8,113
Total	$	350,431	$	53	$	(36,236)	$	314,248

The amortized cost of securities held-to-maturity, allowance for credit losses and their estimated fair values at December 31, 2022 December 31, 2023 and 2021, 2022, are as follows:

	Amortized Cost	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Estimated Fair Value
	(In thousands)			(In thousands)	

		Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Estimated Fair Value
December 31, 2023					
Asset-backed securities					
Asset-backed securities					
		(In thousands)			
Held-to-maturity					
Asset-backed securities					
Corporate bonds					
Total					
Allowance for credit loss					
					$
December 31, 2022					
December 31, 2022					
December 31, 2022	December 31, 2022				
Asset-backed securities	Asset-backed securities	$ 15,105	$ —	$ (2,309)	$ 12,796
Corporate bonds		18,600	—	(2,281)	16,319
Total held-to-maturity		$ 33,705	$ —	$ (4,590)	$ 29,115
December 31, 2021					
Asset-backed securities					
Asset-backed securities	Asset-backed securities	$ 15,281	$ —	$ (373)	$ 14,908
Corporate bonds	Corporate bonds	8,000	—	(59)	7,941
Total held-to-maturity		$ 23,281	$ —	$ (432)	$ 22,849
Total					

At December 31, 2022 December 31, 2023, the allowance for credit losses on securities held-to-maturity totaled $158 thousand and 2021, related to the held to maturity corporate bonds. The asset-backed securities portfolio was comprised are in an AAA tranche determined by a third party. No loss is expected on these securities.

During the year ended December 31, 2023, proceeds from sales of investment grade credit ratings.

securities available-for-sale totaled $9.1 million, resulting in gross realized gains of $49 thousand and $29 thousand gross realized losses and calls of securities totaled $2.5 million with no gains or losses. During the year ended December 31, 2022, there were no sales of securities available-for-sale and calls of securities available-for-sale totaled $4.7 million, resulting in $14 thousand gross realized gains and no gross realized losses.

Securities pledged at December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022, had a carrying amount of $4.2 million $11.7 million and $9.1 million $4.2 million, respectively, and were can be pledged to secure borrowings, public deposits and derivatives, as needed.

The amortized cost and fair value of debt securities are shown below by contractual maturity. maturity at December 31, 2023. Expected maturities on mortgage and asset-backed securities may differ from contractual maturities as borrowers may have the right to call or prepay obligations with or without penalties. Securities not due

	Amortized Cost		Estimated Fair Value	
	(In thousands)			
Available-for-sale				
Due in one year or less	$	52,015	$	50,812
Due from one year to five years		33,984		32,914
Due from five to ten years		44,138		39,972
Due after ten years		6,988		5,320
		137,125		129,018
Mortgage-backed and asset-backed securities		177,340		154,748
Total	$	314,465	$	283,766
Held-to-maturity				
Due from one year to five years	$	—	$	—
Due from five to ten years		18,600		15,007
		18,600		15,007
Mortgage-backed and asset-backed securities		14,812		13,316
Total	$	33,412	$	28,323

Credit Indicators

Credit ratings are a key measure for estimating the probability of a bond's default and for monitoring credit quality on an on-going basis. For bonds other than U.S. Treasuries and bonds issued or guaranteed by U.S. government agencies, credit ratings issued by one or more nationally recognized statistical rating organization are considered in conjunction with an assessment by the Company's management. Investment grade reflects a credit quality of BBB- or above. None of the Company's securities are on non-accrual status, nor are any past due.

The table below indicates the credit profile of the Company's debt securities held-to-maturity at amortized cost at December 31, 2023.

	AAA		A1		BBB+		BBB		BBB-		Total	
	(In thousands)											
Corporate bonds	$	—	$	—	$	1,600	$	11,000	$	6,000	$	18,600
Asset-backed securities		8,844		5,968		—		—		—		14,812
Total	$	8,844	$	5,968	$	1,600	$	11,000	$	6,000	$	33,412

At December 31, 2023, there was one security with a single maturity are shown separately: value of $2.0 million included in the BBB rating that had a split rating.

	December 31, 2022			
	Amortized Cost		Estimated Fair Value	
	(In thousands)			
Available-for-sale				
Due in one year or less	$	13,089	$	12,707
Due from one year to five years		90,415		85,755
Due from five to ten years		42,212		38,836
Due after ten years		15,872		14,450
Mortgage-backed and asset-backed securities		188,843		162,500

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

The following tables summarize available-for-sale securities with unrealized losses at December 31, 2022 December 31, 2023 and 2021, 2022, aggregated by major security type and length of time in a continuous loss position.

Total	$ 330,431	$ 314,248
Held-to-maturity		
Due from one year to five years	$ —	$ —
Due from five to ten years	18,600	16,819
Due after ten years	—	—
Mortgage-backed and asset-backed securities	15,105	12,796
Total	$ 33,705	$ 29,115

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	Less than 12 Months		12 Months or More			Total	
	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Number of Securities	Unrealized Losses	Estimated Fair Value
			(Dollars in thousands)				
December 31, 2023							
U.S. Treasury Note	$ —	$ —	$ (1,875)	$ 35,060	4	$ (1,875)	$ 35,060
Corporate Bonds	(7)	8,260	(5,674)	61,156	30	(5,681)	69,416
U.S. Government agency obligations	—	—	(380)	11,140	3	(379)	11,140
Obligations issued by U.S. states and their political subdivisions	—	—	(228)	6,195	5	(228)	6,195
Mortgage-backed securities:							
Residential one-to-four family	—	2	(21,266)	128,535	48	(21,266)	128,537
Multifamily	—	—	(999)	11,524	6	(999)	11,524
Asset-backed securities	(21)	4,991	(305)	4,680	3	(327)	9,671
Total available-for-sale	$ (28)	$ 13,253	$ (30,727)	$ 258,290	99	$ (30,755)	$ 271,543
December 31, 2022							
U.S. Treasury Note	$ (1,342)	$ 28,670	$ (1,836)	$ 15,089	5	$ (3,178)	$ 43,759
Corporate Bonds	(3,608)	58,509	(1,823)	15,522	31	(5,431)	74,031
U.S. Government agency obligations	(5)	696	(777)	10,770	4	(782)	11,466
Obligations issued by U.S. states and their political subdivisions	(65)	5,641	(275)	1,568	8	(340)	7,209
Mortgage-backed securities:							
Residential one-to-four family	(8,273)	60,986	(16,384)	79,189	49	(24,657)	140,175
Multifamily	(1,166)	17,689	(151)	469	5	(1,317)	18,158
Asset-backed securities	—	—	(531)	8,113	3	(531)	8,113
Total available-for-sale	$ (14,459)	$ 172,191	$ (21,777)	$ 130,720	105	$ (36,236)	$ 302,911

	Less than 12 Months		12 Months or More		Total	
	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value
			(In thousands)			
December 31, 2022						
Available for sale						
U.S. Treasury Note	$ (1,342)	$ 28,670	$ (1,836)	$ 15,089	$ (3,178)	$ 43,759
Corporate Bonds	(3,608)	58,509	(1,823)	15,522	(5,431)	74,031
U.S. Government agency obligations	(5)	696	(939)	14,727	(944)	15,423
Obligations issued by U.S. states and their political subdivisions	(65)	5,641	(275)	1,568	(340)	7,209

Mortgage-backed securities:						
Residential one-to-four family	(8,273)	60,986	(16,384)	79,189	(24,657)	140,175
Multifamily	(1,166)	17,689	(151)	469	(1,317)	18,158
Asset-backed securities	—	—	(369)	4,156	(369)	4,156
Total available-for-sale	$ (14,459)	$ 172,191	$ (21,777)	$ 130,720	$ (36,236)	$ 302,911
December 31, 2021						
Available for sale						
U.S. Treasury Note	$ (105)	$ 16,814	$ —	$ —	$ (105)	$ 16,814
Corporate Bonds	(290)	17,183	—	—	(290)	17,183
U.S. Government agency obligations	(49)	9,951	(130)	7,980	(179)	17,931
Obligations issued by U.S. states and their political subdivisions	—	—	—	—	—	—
Mortgage-backed securities:						
Residential one-to-four family	(1,761)	104,805	(144)	3,009	(1,905)	107,814
Multifamily	—	—	(94)	910	(94)	910
Asset-backed securities	(70)	4,458	—	—	(70)	4,458
Total available-for-sale	$ (2,275)	$ 153,211	$ (368)	$ 11,899	$ (2,643)	$ 165,110

There were no other-than-temporary impairment (“OTTI”) charges on available for sale securities for Of the years ended December 31, 2022 or 2021. The number of available for sale available-for-sale securities in an unrealized loss position at December 31, 2022 totaled 105, compared with 44 at December 31, 2021. The increase in the number of securities in an unrealized loss position at December 31, 2022 was due to higher current market interest rates compared to rates at December 31, 2021. Of the 105 available for sale securities in an unrealized loss position at December 31, 2022 December 31, 2023, 64 61 are comprised of U.S. Government agency obligations, Treasury notes, and mortgage-backed securities. These securities were all issued by U.S. Government-sponsored entities and agencies, which the government has affirmed its commitment to support. There were also 8 municipal Corporate bonds, 31 investment grade corporate bonds obligations issued by U.S. states and two their political subdivisions and asset-backed securities in an unrealized loss position. position all experienced a decline in fair value, which is attributable to changes in interest rates and liquidity, not credit quality. The Company does not consider intend to sell these securities, nor does it foresee being required to be other-than-temporarily impaired due to sell them before the anticipated recovery or maturity.

The following table summarizes held-to-maturity securities with unrealized losses at December 31, 2023 and December 31, 2022 aggregated by major security type and length of time in a continuous loss position.

	Less than 12 Months		12 Months or More		Total		
	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Number of Securities	Unrealized Losses	Estimated Fair Value
	(Dollars in thousands)						
December 31, 2023							
Corporate Bonds	$ —	$ —	$ (3,593)	$ 15,007	9	$ (3,593)	$ 15,007
Asset-backed securities	—	—	(1,496)	13,316	2	(1,496)	13,316
Total held-to-maturity	$ —	$ —	$ (5,089)	$ 28,323	11	$ (5,089)	$ 28,323

	Less than 12 Months	12 Months or More	Total

	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Number of Securities	Unrealized Losses	Estimated Fair Value
				(In thousands)			
December 31, 2022							
Corporate Bonds	$ (1,177)	$ 10,423	$ (1,104)	$ 5,896	9	$ (2,281)	$ 16,319
Asset-backed securities	—	—	(2,310)	12,796	2	(2,310)	12,796
Total held-to-maturity	$ (1,177)	$ 10,423	$ (3,414)	$ 18,692	11	$ (4,591)	$ 29,115

The held-to-maturity securities in an unrealized loss position at December 31, 2023, are corporate bonds and asset-backed securities, which experienced a decline in fair value being attributable to changes in interest rates and liquidity, not credit quality. The Company also does not intend to sell these securities, nor does it foresee being required to sell them before the anticipated recovery (maturity). or maturity.

The following table summarizes held-to-maturity securities with unrecognized losses at December 31, 2022, aggregated by major security type and length of time in a continuous loss position. The Company did not have any held- to- maturity securities in an unrecognized loss position for more than twelve months at December 31, 2021.

	Less than 12 Months		12 Months or More		Total	
	Unrecognized Losses	Estimated Fair Value	Unrecognized Losses	Estimated Fair Value	Unrecognized Losses	Estimated Fair Value
			(In thousands)			
December 31, 2022						
Held-to-maturity						
Corporate Bonds	$ (1,177)	$ 10,423	$ (1,104)	$ 5,896	$ (2,281)	$ 16,319
Asset-backed securities	—	—	(2,310)	12,796	(2,310)	12,796
Total held-to-maturity	$ (1,177)	$ 10,423	$ (3,414)	$ 18,692	$ (4,591)	$ 29,115

There were no other-than-temporary impairment (“OTTI”) charges on held-to-maturity securities for the years ended December 31, 2022 or 2021. The number of held-to-maturity securities in an unrecognized loss position at December 31, 2022 totaled 11, compared with four at December 31, 2021. The increase in the number of securities in an unrecognized loss position at December 31, 2022, was due to higher current market interest rates compared to rates at December 31, 2021. Of the 11 held-to-maturity securities in an unrecognized loss position at December 31, 2022, two are asset-backed securities and nine are investment grade corporate bonds. The Company does not consider these securities to be other-than-temporarily impaired due to the decline in fair value being attributable to changes in interest rates and liquidity, not credit quality. The Company also does not intend to sell these securities, nor does it foresee being required to sell them before the anticipated recovery (maturity). At December 31, 2021, held to maturity securities in an aggregate unrecognized loss position for less than twelve months included two asset-backed securities with total fair value of $14.9 million in an aggregate unrecognized loss position of $373 thousand and two investment grade corporate bonds with total fair value of $6.9 million in an aggregate unrecognized loss position of $59 thousand.

Other Investments

At December 31, 2022 December 31, 2023, other investments primarily consisted of investments in FHLB stock, and to a much lesser extent, investments in a financial technology fund and a community banking core provider cooperative. Other investments carried at fair value totaled $20.2 million and $15.9 million at December 31, 2023 and $10.2 million at December 31, 2022 and 2021, 2022, respectively. Other investments The investment in a financial technology fund is carried at NAV net asset value (“NAV”) and totaled $109 thousand at December 31, 2023 and $157 thousand at December 31, 2022. The Company recorded a net increase in the NAV of $78 thousand for the year ended December 31, 2023 and a net decrease of $7 thousand for the year ended December 31, 2022 as a component of other income. The Company's unfunded commitments related to the financial technology fund totaled $850 thousand.

$820 thousand at December 31, 2023.

NOTE 3 – LOANS RECEIVABLE, NET

The Company adopted ASU 2016-13 on January 1, 2023. All disclosures as of December 31, 2023 are presented in accordance with ASU 2016-13. The Company did not reclassify comparative financial periods and has presented those disclosures under previously-applied U.S. GAAP.

A summary of loans receivable, net is as follows:

	December 31, 2023
	(In thousands)
Residential one-to-four family	$ 550,929
Multifamily	682,564
Non-residential	232,505
Construction	60,414
Junior liens	22,503
Commercial and industrial	11,768
Consumer and other	47
Total loans	1,560,730
Allowance for credit losses on loans (1)	(14,154)
Loans receivable, net	$ 1,546,576

(1) For more information, see Footnote 4 - Allowance for Credit Losses.

	December 31, 2022
	(In thousands)
Residential one-to-four family	$ 594,521
Multifamily	690,278
Non-residential	216,394
Construction	17,990
Junior liens	18,477
Commercial and industrial	4,682
Consumer and other	38
Total gross loans	1,542,380
Deferred fees, costs and premiums and discounts, net	2,747
Total loans	1,545,127
Allowance for loan losses	(13,400)
Loans receivable, net	$ 1,531,727

Loans are recorded at amortized cost, which includes principal balance, net deferred fees or costs, premiums and discounts. The Company elected to exclude accrued interest receivable from amortized cost. Accrued interest receivable is reported separately in the consolidated balance sheets and totaled $6.1 million and $5.4 million at December 31, 2023 and December 31, 2022, respectively. Loan origination fees and certain direct loan origination costs are deferred and the net fee or cost is recognized in interest income as an adjustment of yield. At December 31, 2023, net deferred loan fees are included in loans by respective segment and totaled $2.0 million.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 – LOANS RECEIVABLE, NET

A summary of loans receivable, net is as follows:

	December 31, 2022	December 31, 2021
	(In thousands)	
Residential one-to-four family	$ 594,521	$ 560,976
Multifamily	690,278	515,240
Non-residential	216,394	141,561
Construction and land	17,990	23,419
Junior liens	18,477	18,464
Commercial and industrial (1)	4,682	21,563
Consumer and other	38	87
Total gross loans	1,542,380	1,281,310
Deferred fees, costs and premiums and discounts, net	2,747	6,299
Total loans	1,545,127	1,287,609
Allowance for loan losses	(13,400)	(14,425)
Loans receivable, net	$ 1,531,727	$ 1,273,184

(1) At December 31, 2022 and 2021, PPP loans totaled $477 thousand and $16.8 million, respectively, net of unearned deferred fees.

The portfolio classes in the above table have unique risk characteristics with respect to credit quality:

- Payment on multifamily and non-residential mortgages is driven principally by operating results of the managed properties or underlying business and secondarily by the sale or refinance of such properties. Both primary and secondary sources of repayment and the value of the properties in liquidation, may be affected to a greater extent by adverse conditions in the real estate market or the economy in general.
- Properties underlying construction loans often do not generate sufficient cash flows to service debt and thus repayment is subject to the ability of the borrower and, if applicable, guarantors, to complete development or construction of the property and carry the project, often for extended periods of time. As a result, the performance of these loans is contingent upon future events whose probability at the time of origination is uncertain.
- Commercial and industrial ("C&I") loans include C&I revolvers, revolving lines of credit, term loans, SBA 7a loans and to a lesser extent, PPP Paycheck Protection Program ("PPP") loans. Payment Payments on C&I loans are driven principally by the cash flow flows of the business businesses and secondarily by the sale or refinance of any collateral securing the loan. loans. Both the cash flow and value of the collateral in liquidation may be affected by adverse general economic conditions.
- The ability of borrowers to service debt in the residential one-to-four family, junior liens and consumer loan portfolios is generally subject to personal income which may be impacted by general economic conditions, such as increased unemployment levels. These loans are predominately collateralized by first and second liens on single family properties. If a borrower cannot maintain the loan, the Company's ability to recover against the collateral in sufficient amount and in a timely manner may be significantly influenced by market, legal and regulatory conditions.

The following tables present the activity in the Company's allowance for loan losses by class of loans for the years ended December 31, 2022, and 2021:

	Residential One-To-Four Family	Multifamily	Non-Residential	Construction and Land	Junior Liens	Commercial and Industrial	Consumer and Other	Unallocated	Total
					(In thousands)				

Year Ended December 31, 2022									
Allowance for loan losses									
Beginning balance	$ 2,822	$ 5,263	$ 2,846	$ 2,678	$ 636	$ 51	$ 38	$ 91	$ 14,425
Charge-offs	—	—	—	—	—	—	(58)	—	(58)
Recoveries	30	—	—	—	—	—	4	—	34
(Release of) provision for loan losses	(588)	228	511	(981)	(185)	(4)	16	2	(1,001)
Total ending allowance balance	$ 2,264	$ 5,491	$ 3,357	$ 1,697	$ 451	$ 47	$ —	$ 93	$ 13,400
Year Ended December 31, 2021									
Allowance for loan losses									
Beginning balance	$ 3,579	$ 5,460	$ 3,244	$ 3,655	$ 916	$ 2	$ 48	$ 55	$ 16,959
Charge-offs	—	—	—	—	—	—	(16)	—	(16)
Recoveries	—	—	—	—	—	—	—	—	—
(Release of) provision for loan losses	(757)	(197)	(398)	(977)	(280)	49	6	36	(2,518)
Total ending allowance balance	$ 2,822	$ 5,263	$ 2,846	$ 2,678	$ 636	$ 51	$ 38	$ 91	$ 14,425

The following table represents the allocation of allowance for loan losses and the related recorded investment (including deferred fees and costs) in loans by loan portfolio segment disaggregated based on the impairment methodology at December 31, 2022andDecember 31, 2021:

	Residential One-To-Four Family	Multifamily	Non-Residential	Construction and Land	Junior Liens	Commercial and Industrial	Consumer and Other	Unallocated	Total
					(In thousands)				
December 31, 2022									
Allowance for loan losses:									
Individually evaluated for impairment	$ 27	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 27
Collectively evaluated for impairment	2,237	5,491	3,357	1,697	451	47	—	93	13,373
Total	$ 2,264	$ 5,491	$ 3,357	$ 1,697	$ 451	$ 47	$ —	$ 93	$ 13,400
Loans receivable:									
Individually evaluated for impairment	$ 8,418	$ 516	$ 2,671	$ —	$ 52	$ —	$ —	$ —	$ 11,657
Collectively evaluated for impairment	588,836	690,174	213,390	17,799	18,579	4,653	39	—	1,533,470
Total	$ 597,254	$ 690,690	$ 216,061	$ 17,799	$ 18,631	$ 4,653	$ 39	$ —	$ 1,545,127
December 31, 2021									
Allowance for loan losses:									
Individually evaluated for impairment	$ 31	$ —	$ —	$ —	$ —	$ —	$ 37	$ —	$ 68
Collectively evaluated for impairment	2,791	5,263	2,846	2,678	636	51	1	91	14,357

Total	$ 2,822	$ 5,263	$ 2,846	$ 2,678	$ 636	$ 51	$ 38	$ 91	$ 14,425
Loans receivable:									
Individually evaluated for impairment	$ 10,169	$ 684	$ 4,577	$ —	$ 55	$ —	$ 37	$ —	$ 15,522
Collectively evaluated for impairment	556,314	515,884	136,957	23,420	18,495	20,966	51	—	1,272,087
Total	$ 566,483	$ 516,568	$ 141,534	$ 23,420	$ 18,550	$ 20,966	$ 88	$ —	$ 1,287,609

The following table presents information related to impaired loans by class of loans as of December 31, 2022 and December 31, 2021. The recorded investment in impaired loans includes deferred fees, costs and discounts. For purposes of this disclosure, the unpaid principal balance of impaired loans is not reduced for partial charge-offs.

	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated	Average Recorded Investment	Interest Income Recognized	Cash Basis Interest Recognized
			(In thousands)			
December 31, 2022						
With no related allowance recorded:						
Residential one-to-four family	$ 7,368	$ 7,669	$ —	$ 7,711	$ 119	$ 116
Multifamily	516	516	—	652	17	15
Non-residential	2,834	2,671	—	3,168	118	108
Construction and land	—	—	—	—	—	—
Junior liens	52	52	—	54	3	3
Commercial and Industrial (including PPP)	—	—	—	—	—	—
	10,770	10,908	—	11,585	257	242
With an allowance recorded:						
Residential one-to-four family	743	749	27	546	29	26
Multifamily	—	—	—	—	—	—
Non-residential	—	—	—	—	—	—
Construction and land	—	—	—	—	—	—
Commercial and Industrial (including PPP)	—	—	—	—	—	—
Consumer and other	—	—	—	—	—	—
	743	749	27	546	29	26
Total	$ 11,513	$ 11,657	$ 27	$ 12,131	$ 286	$ 268
December 31, 2021						
With no related allowance recorded:						
Residential one-to-four family	$ 8,744	$ 9,108	$ —	$ 9,534	$ 75	$ 75
Multifamily	684	684	—	1,170	26	24
Non-residential	4,725	4,577	—	4,869	210	196
Construction and land	—	—	—	—	—	—

Junior liens	55	55	—	57	3	3
Commercial and Industrial (including PPP)	—	—	—	—	—	—
	14,208	14,424	—	15,630	314	298
With an allowance recorded:						
Residential one-to-four family	1,062	1,061	31	1,243	50	46
Multifamily	—	—	—	—	—	—
Non-residential	—	—	—	—	—	—
Construction and land	—	—	—	—	—	—
Commercial and Industrial (including PPP)	—	—	—	—	—	—
Consumer and other	37	37	37	41	2	2
	1,099	1,098	68	1,284	52	48
Total	$ 15,307	$ 15,522	$ 68	$ 16,914	$ 366	$ 346

The total recorded investment of loans whose terms have been modified in TDRs was $4.8 million and $5.4 million as of December 31, 2022 and December 31, 2021, respectively. The Company has allocated $27 thousand and $68 thousand, respectively, of specific reserves to TDR loans as of December 31, 2022 and December 31, 2021. The modification of the terms of TDR loans may include one or a combination of the following: a reduction of the stated interest rate of the loan, short-term deferral of payment, or an extension of the maturity date. The Company is not committed to lend any additional amounts to customers with outstanding loans that are classified as TDRs as of December 31, 2022.

A TDR loan is considered to be in payment default once it is 90 days contractually past due under the modified terms. There were no TDRs for which there was a payment default within twelve months following the modification during the periods ended December 31, 2022 and December 31, 2021.

New TDRs during the year ended December 31, 2022 totaled $453 thousand. There were no new TDRs during the year ended December 31, 2021. The Company implemented modification programs to provide its borrowers relief from the economic impacts of COVID-19. In accordance with the CARES Act, the Company elected to not apply TDR classification to COVID-19 related loan modifications. Accordingly, these modifications are exempt from TDR classification under U.S. generally accepted accounting principles (“U.S. GAAP”) and were not classified as TDRs.

The Company had $4.5 million and $790 thousand in consumer mortgage loans secured by residential real estate properties for which foreclosure proceedings are in process at December 31, 2022 and 2021, respectively

The following table presents the recorded investment in non-accrual loans and loans past due 90 days or more still on accrual as of December 31, 2022 and December 31, 2021:

	Nonaccrual		Loans Past Due 90 Days and Still Accruing	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
	(In thousands)			
Residential one-to-four family	$ 7,498	$ 10,805	$ —	$ —
Multifamily	182	139	—	—
Non-residential	—	857	—	—
Construction and land	—	—	—	—
Junior liens	52	182	—	—
Commercial and industrial (1)	35	—	61	116
Total	$ 7,767	$ 11,983	$ 61	$ 116

(1) PPP loans 90 days past due and accruing totaled $61 thousand and $116 thousand at December 31, 2022 and 2021, respectively. These PPP loans were not reported in non-performing loans as they carry the federal guarantee of the SBA.

The following table presents the recorded investment in past due and current loans by loan portfolio class as of December 31, 2022 and December 31, 2021:

	30-59 Days Past Due	60-89 Days Past Due	90 Days and Greater Past Due	Total Past Due	Current	Total Loans Receivable
			(In thousands)			
December 31, 2022						
Residential one-to-four family	$ —	$ 845	$ 6,738	$ 7,583	$ 589,671	$ 597,254
Multifamily		—	182	182	690,508	690,690
Non-residential		—	—	—	216,061	216,061
Construction and land		—	—	—	17,799	17,799
Junior liens	—	—	52	52	18,579	18,631
Commercial and Industrial		—	96	96	4,557	4,653
Consumer and other		—	—	—	39	39
Total	$ —	$ 845	$ 7,068	$ 7,913	$ 1,537,214	$ 1,545,127
December 31, 2021						
Residential one-to-four family	$ 1,736	$ 457	$ 8,936	$ 11,129	$ 555,354	$ 566,483
Multifamily		—	—	—	516,568	516,568
Non-residential		—	381	381	141,153	141,534
Construction and land		—	—	—	23,420	23,420
Junior liens		53	182	235	18,315	18,550
Commercial and Industrial	11	57	116	184	20,782	20,966
Consumer and other		—	—	—	88	88
Total	$ 1,747	$ 567	$ 9,615	$ 11,929	$ 1,275,680	$ 1,287,609

Credit Quality Indicators

The Company categorizes loans into risk categories based on relevant information about the quality and realizable value of collateral, if any, and the ability of borrowers to service their debts such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Company analyzes loans individually by classifying the loans as to by credit risk. This analysis is performed whenever a credit is extended, renewed, or modified, or when an observable event occurs indicating a potential decline in credit quality, and no less than annually for large balance loans, defined as $1 million for an individual exposure or $1.5 million for group exposure. loans. The Company used the following definitions for risk ratings for loan classification:

Pass – Loans classified as pass are loans rated other than Pass:

performing under the original contractual terms, do not currently pose any identified risk and can range from the highest to pass/watch quality, depending on the degree of potential risk.

Special Mention – Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or the Company's credit position at some future date.

Substandard – Loans classified as substandard are inadequately protected by the current sound worth and paying capacity of the obligor, or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the repayment and liquidation of the debt. They are characterized by a distinct possibility that the Company will sustain some loss if the deficiencies are not corrected.

Doubtful – Loans classified as doubtful have all the weaknesses inherent in those classified as Substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently known facts, conditions, and values, highly questionable and improbable.

Loss – Assets classified as loss are considered uncollectible and of such little value that their continuance as bankable assets is not warranted. This classification does not mean that the asset has absolutely no recovery or salvage value, but rather that it is not practical or desirable to defer writing off the asset even though partial recovery may be effected in the future.

The following table presents the risk category of loans by class of loan and vintage as of December 31, 2023:

	Term Loans by Origination Year							
	2023	2022	2021	2020	2019	Pre-2019	Revolving Loans	Total
	(in thousands)							
Residential one-to-four family								
Pass	$ 13,338	$ 98,007	$ 109,193	$ 14,315	$ 18,460	$ 291,069	$ —	$ 544,382
Special mention	—	—	—	—	—	663	—	663
Substandard	—	—	—	—	—	5,884	—	5,884
Total	13,338	98,007	109,193	14,315	18,460	297,616	—	550,929
Multifamily								
Pass	17,144	281,906	158,705	35,407	56,739	132,517	—	682,418
Substandard	—	—	—	—	—	146	—	146
Total	17,144	281,906	158,705	35,407	56,739	132,663	—	682,564
Non-residential								
Pass	26,610	118,247	14,785	15,080	5,386	51,493	—	231,601
Special mention	—	—	—	—	—	904	—	904
Total	26,610	118,247	14,785	15,080	5,386	52,397	—	232,505
Construction								
Pass	22,798	21,067	16,549	—	—	—	—	60,414
Total	22,798	21,067	16,549	—	—	—	—	60,414
Junior liens								
Pass	5,359	5,234	1,232	296	1,773	8,560	—	22,454
Substandard	—	—	—	—	—	49	—	49
Total	5,359	5,234	1,232	296	1,773	8,609	—	22,503
Commercial and industrial								
Pass	7,055	105	4,492	77	—	—	—	11,729
Substandard (1)	—	—	39	—	—	—	—	39

Total	7,055	105	4,531	77	—	—	—	11,768
Consumer and other								
Pass	25	—	—	—	—	—	22	47
Total	25	—	—	—	—	—	22	47
Total gross loans	$ 92,329	$ 524,566	$ 304,995	$ 65,175	$ 82,358	$ 491,285	$ 22	$ 1,560,730

(1) Balance represents PPP loans which carry the federal guarantee of the SBA.

The following table presents the risk category of loans by class of loans based on the most recent analysis performed as of December 31, 2022 and December 31, 2021:

	Pass	Special Mention	Substandard	Doubtful / Loss	Total
			(In thousands)		
Residential one-to-four family	$ 589,137	$ 247	$ 7,870	$ —	$ 597,254
Multifamily	689,277	897	516	—	690,690
Non-residential	214,981	1,080	—	—	216,061
Construction and land	17,799	—	—	—	17,799
Junior liens	18,579	—	52	—	18,631
Commercial and Industrial	4,653	—	—	—	4,653
Consumer and other	8	—	31	—	39
Total	$ 1,534,434	$ 2,224	$ 8,469	$ —	$ 1,545,127

	Pass	Special Mention	Substandard	Doubtful / Loss	Total
			(In thousands)		
December 31, 2022					
Residential one-to-four family	$ 589,137	$ 247	$ 7,870	$ —	$ 597,254
Multifamily	689,277	897	516	—	69[illegible]
Non-residential	214,981	1,080	—	—	216,061
Construction and land	17,799	—	—	—	17,799
Junior liens	18,579	—	52	—	18,631
Commercial and Industrial	4,653	—	—	—	4,653
Consumer and other	8	—	31	—	39
Total	$ 1,534,434	$ 2,224	$ 8,469	$ —	$ 1,545,127
December 31, 2021					
Residential one-to-four family	$ 555,184	$ —	$ 11,299	$ —	$ 566,483
Multifamily	510,815	5,069	684	—	516,568
Non-residential	140,377	144	1,013	—	141,534
Construction and land	23,420	—	—	—	23,420
Junior liens	18,368	—	182	—	18,550
Commercial and Industrial	20,966	—	—	—	20,966
Consumer and other	88	—	—	—	88
Total	$ 1,269,218	$ 5,213	$ 13,178	$ —	$ 1,287,609

Past Due and Non-accrual Loans

The following table presents the recorded investment in past due and current loans by loan portfolio class as of December 31, 2023 and December 31, 2022:

	30-59 Days Past Due	60-89 Days Past Due	90 Days and Greater Past Due	Total Past Due	Current	Total Loans Receivable
			(In thousands)			
December 31, 2023						
Residential one-to-four family	$ 887	$ 752	$ 3,926	$ 5,565	$ 545,364	$ 550,929
Multifamily	—	—	—	—	682,564	682,564
Non-residential	—	—	—	—	232,505	232,505
Construction and land	—	—	—	—	60,414	60,414
Junior liens	—	—	49	49	22,454	22,503
Commercial and Industrial	—	—	39	39	11,729	11,768
Consumer and other	—	—	—	—	47	47
Total	$ 887	$ 752	$ 4,014	$ 5,653	$ 1,555,077	$ 1,560,730
December 31, 2022						
Residential one-to-four family	$ —	$ 845	$ 6,738	$ 7,583	$ 589,671	$ 597,254
Multifamily	—	—	182	182	690,508	690,690
Non-residential	—	—	—	—	216,061	216,061

Construction and land	—	—	—	—	17,799	17,799
Junior liens	—	—	52	52	18,579	18,631
Commercial and Industrial	—	—	96	96	4,557	4,653
Consumer and other	—	—	—	—	39	39
Total	$ —	$ 845	$ 7,068	$ 7,913	$ 1,537,214	$ 1,545,127

The following table presents information on non-accrual loans at December 31, 2023:

	Non-accrual	Interest Income Recognized on Non-accrual Loans	Amortized Cost Basis of Loans 90 Days Past Due and Still Accruing	Amortized Cost Basis of Non-accrual Loans Without Related Allowance
	(In thousands)			
Residential one-to-four family	$ 5,884	$ —	$ —	$ 5,884
Multifamily	146	—	—	146
Non-residential	—	—	—	—
Construction	—	—	—	—
Junior liens	49	—	—	49
Commercial and industrial	39	—	—	39
Consumer and other	—	—	—	—
Total	$ 6,118	$ —	$ —	$ 6,118

The following table presents the recorded investment in non-accrual loans at December 31, 2022:

	Nonaccrual	Loans Past Due 90 Days and Still Accruing
	12/31/2022	12/31/2022
Residential one-to-four family	$ 7,498	$ —
Multifamily	182	—
Non-residential	—	—
Construction and land	—	—
Junior liens	52	—
Commercial and industrial (1)	35	61
Total	$ 7,767	$ 61

(1) Loans 90 days past due and accruing were comprised of PPP loans which carry the federal guarantee of the SBA.

The Company had no loans held-for-sale at December 31, 2023 and December 31, 2022. Gains and losses on sales of loans are specifically identified and accounted for in accordance with U.S. GAAP.

Impaired Loans

The following table presents,under previously applicable U.S. GAAP, information related to impaired loans by class of loans at and as of December 31, 2022.

	December 31, 2022			Twelve months December 31, ended 2022		
	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated	Average Recorded Investment	Interest Income Recognized	Cash Basis Interest Recognized
	(In thousands)					

With no related allowance recorded:						
Residential one-to-four family	$ 7,368	$ 7,669	$ —	$ 7,711	$ 119	$ 116
Multifamily	516	516	—	652	17	15
Non-residential	2,834	2,671	—	3,168	118	108
Construction and land	—	—	—	—	—	—
Junior liens	52	52	—	54	3	3
Commercial and industrial	—	—	—	—	—	—
	10,770	10,908	—	11,585	257	242
With an allowance recorded:						
Residential one-to-four family	743	749	27	546	29	26
Multifamily	—	—	—	—	—	—
Non-residential	—	—	—	—	—	—
Construction and land	—	—	—	—	—	—
Commercial and industrial	—	—	—	—	—	—
Consumer and other	—	—	—	—	—	—
	743	749	27	546	29	26
Total	$ 11,513	$ 11,657	$ 27	$ 12,131	$ 286	$ 268

The recorded investment in loans includes deferred fees, costs and discounts. For purposes of this disclosure, the unpaid principal balance would not be reduced for partial charge-offs.

The Company adopted ASU 2022-02 on January 1, 2023. Modifications made to borrowers experiencing financial difficulty may include principal forgiveness, interest rate reductions, other than insignificant payment delays, terms extensions or a combination thereof. The Company did not reclassify comparative financial periods and has presented those disclosures under previously-applied U.S. GAAP.

The following table presents loan modifications made during 2023 to borrowers experiencing financial difficulty, by type of modification.

	Year Ended December 31, 2023			
	Payment Delays	Term Extensions	Total Principal	% of Total Class of Loans
	(Dollars in thousands)			
Residential one-to-four family	$ 2,431	$ 374	$ 2,805	0.51 %
Multifamily	—	2,595	2,595	0.38
Construction	—	3,525	3,525	5.83
Total	$ 2,431	$ 6,494	$ 8,925	0.57 %

	Types of Modifications
Residential one-to-four family	Term extensions of 240 months
	Amortize past due balances over the remaining life of the loans
Multifamily	Term extensions of 90 to 180 days
Construction	Term extension of 180 days

The following table presents loan modifications made during 2023 by payment status as of December 31, 2023.

	Current	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Non-Accrual	Total
	(In thousands)					
Residential one-to-four family	$ 1,400	$ —	$ —	$ —	$ 1,405	$ 2,805

Multifamily	2,595	—	—	—	—	2,595
Construction	3,525	—	—	—	—	3,525
Total	$ 7,520	$ —	$ —	$ —	$ 1,405	$ 8,925

There were no loan modifications made to borrowers experiencing financial difficulty for the year ended December 31, 2023, that subsequently defaulted.

Prior to the adoption of ASU 2022-02, the Company classified certain loans as troubled debt restructuring ("TDR") loans when credit terms to a borrower in financial difficulty were modified in accordance with ASC 310-40. The total recorded investment of loans whose terms have been modified in TDRs was $4.8 million as of December 31, 2022. The Company allocated $27 thousand of specific reserves to TDR loans as of December 31, 2022. The modification of the terms of TDR loans may have included one or a combination of the following: a reduction of the stated interest rate of the loan, short-term deferral of payment, or an extension of the maturity date. A TDR loan was considered to be in payment default once it is 90 days contractually past due under the modified terms. There were no TDRs for which there was a payment default within twelve months following the modification during the period ended December 31, 2022.

The Company had $4.0 million and $4.5 million in consumer mortgage loans secured by residential real estate properties for which foreclosure proceedings are in process at December 31, 2023 and 2022, respectively. At December 31, 2023, the Company had one one-to-four family loan with a carrying value of $593 thousand in real estate owned. There was no real estate owned at December 31, 2022.

NOTE 4 - ALLOWANCE FOR CREDIT LOSSES

On January 1, 2023, the Company adopted ASU 2016-13, which requires the measurement of expected credit losses for financial assets measured at amortized cost, including loans, held-to-maturity securities and certain off-balance-sheet credit exposures and ASU 2022-02, which eliminates the recognition and measurement guidance of TDRs, so that creditors will apply the same guidance to all modifications when determining whether a modification results in a new receivable or continuation of an existing receivable. See Note 1 - Summary of Significant Accounting Policies for a description of the adoption of ASU 2016-13 and the Company's allowance methodology.

Under ASU 2016-13, the Company's methodology for determining the allowance for credit losses on loans is based upon key assumptions, including the lookback period, historical loss experience, economic forecasts over a reasonable and supportable forecast period, reversion period, prepayments and qualitative adjustments. The allowance is measured on a pool basis when similar risk characteristics exist. Loans that do not share common risk characteristics are evaluated on an individual basis and are excluded from the collective evaluation.

Allowance for Credit Losses - Loans

The allowance for credit losses on loans is summarized in the following table:

	2023	2022
	(In thousands)	
Balance at beginning of period	$ 13,400	$ 14,425
Impact of adopting ASU 2016-13 and ASU 2022-02	668	—
Charge-offs	(64)	(58)
Recoveries	4	34
Net charge-offs	(60)	(24)
Recovery of provision for credit loss on loans	146	(1,001)
Balance at end of period	$ 14,154	$ 13,400

The following tables present the activity in the Company's allowance for credit losses by class of loans for the year ended December 31, 2023 and 2022:

	Balance at December 31, 2022	Impact of adopting ASU 2016-13 and ASU 2022-02	Charge-offs	Recoveries	(Recovery of) Provision for Credit Loss - Loans	Balance at December 31, 2023
	(In thousands)					
Residential one-to-four family	$ 2,264	$ (183)	$ (18)	$ —	$ (95)	$ 1,968
Multifamily	5,491	2,057	—	—	(502)	7,046
Non-residential	3,357	146	—	—	245	3,748
Construction	1,697	(832)	—	—	357	1,222
Junior liens	451	(405)	—	—	30	76

Commercial and industrial	47	(23)	—	—	70	94
Consumer and other	—	1	(46)	4	41	—
Unallocated	93	(93)	—	—	—	—
Total	$ 13,400	$ 668	$ (64)	$ 4	$ 146	$ 14,154

	Balance at December 31, 2021	Charge-offs	Recoveries	(Recovery of) Provision for Loan Loss	Balance at December 31, 2022
			(In thousands)		
Residential one-to-four family	$ 2,822	$ —	$ 30	$ (588)	$ 2,264
Multifamily	5,263	—	—	228	5,491
Non-residential	2,846	—	—	511	3,357
Construction	2,678	—	—	(981)	1,697
Junior liens	636	—	—	(185)	451
Commercial and industrial	51	—	—	(4)	47
Consumer and other	38	(58)	4	16	—
Unallocated	91	—	—	2	93
Total	$ 14,425	$ (58)	$ 34	$ (1,001)	$ 13,400

During 2023, one residential loan, that was originated in 2006, had a charge-off of $18 thousand. The loan was transferred to other real estate owned in the third quarter of 2023. Consumer and other charge-offs relate to overdrafts, which were originated in the fourth quarter of 2022 or in 2023, as it is our policy to charge these off within 60 days of occurrence.

The following table represents the allocation of allowance for credit losses on loans and the related recorded investment, including deferred fees and costs, in loans by loan portfolio segment, disaggregated based on the impairment methodology at December 31, 2023and2022.

	Loans			Allowance for Credit Losses on Loans		
December 31, 2023	Individually Evaluated	Collectively Evaluated	Total	Individually Evaluated	Collectively Evaluated	Total
			(In thousands)			
Residential one-to-four family	$ 5,721	$ 545,208	$ 550,929	$ —	$ 1,968	$ 1,968
Multifamily	146	682,418	682,564	—	7,046	7,046
Non-residential	—	232,505	232,505	—	3,748	3,748
Construction	—	60,414	60,414	—	1,222	1,222
Junior liens	49	22,454	22,503	—	76	76
Commercial and industrial (1)	—	11,768	11,768	—	94	94
Consumer and other	—	47	47	—	—	—
Total	$ 5,916	$ 1,554,814	$ 1,560,730	$ —	$ 14,154	$ 14,154

December 31, 2022	Loans			Allowance for Loan Losses		
	Individually Evaluated	Collectively Evaluated	Total	Individually Evaluated	Collectively Evaluated	Total
	(In thousands)					
Residential one-to-four family	$ 8,418	$ 588,836	$ 597,254	$ 27	$ 2,237	$ 2,264
Multifamily	516	690,174	690,690	—	5,491	5,491
Non-residential	2,671	213,390	216,061	—	3,357	3,357
Construction	—	17,799	17,799	—	1,697	1,697
Junior liens	52	18,579	18,631	—	451	451
Commercial and industrial (1)	—	4,653	4,653	—	47	47
Consumer and other	—	39	39	—	—	—
Unallocated	—	—	—	—	93	93
Total	$ 11,657	$ 1,533,470	$ 1,545,127	$ 27	$ 13,373	$ 13,400

(1) Includes PPP loans which carry the federal guarantee of the SBA and do not have an allowance for credit losses.

Allowance for Credit Losses - Securities

The Company recorded an allowance for credit losses on securities of $170 thousand upon adoption of ASU 2016-13 on January 1, 2023. Prior year disclosures have not been restated. At December 31, 2023, the balance of the allowance for credit losses on securities was $158 thousand. For 2023, the Company recorded a decrease in provision for credit losses of $12 thousand on held-to-maturity securities. Accrued interest receivable on securities is reported as a component of accrued interest receivable on the consolidated balance sheets and totaled $1.5 million and $1.0 million at December 31, 2023 and December 31, 2022, respectively. The Company made the election to exclude accrued interest receivable from the estimate of credit losses on securities.

Allowance for Credit Losses - Off-Balance-Sheet Exposures

The allowance for credit losses on off-balance-sheet exposures is reported in other liabilities in the consolidated balance sheets. The liability represents an estimate of expected credit losses arising from off-balance-sheet exposures such as letters of credit, guarantees and unfunded loan commitments. The process for measuring lifetime expected credit losses on these exposures is consistent with that for loans as discussed above, but is subject to an additional estimate reflecting the likelihood that funding will occur. No liability is recognized for off-balance-sheet credit exposures that are unconditionally cancellable by the Company. Adjustments to the liability are reported as a component of provision for credit losses.

The Company recorded a decrease in the allowance for credit losses for off-balance-sheet exposures of $811 thousand upon adoption on January 1, 2023. Prior year disclosures have not been restated. At December 31, 2023 and December 31, 2022, the balance of the allowance for credit losses for off-balance-sheet exposures was $303 thousand and $1.7 million, respectively. The Company recorded a recovery of provision for credit loss on off-balance-sheet exposures of $575 thousand for 2023 in provision for credit losses and a recovery of $311 thousand for 2022 in other non-interest expense.

NOTE 5 – PREMISES AND EQUIPMENT

Premises and equipment, net, at December 31, 2022 December 31, 2023 and 2021, 2022, are summarized as follows:

		2022	2021	2023	2022
		(In thousands)			(In thousands)
Land	Land	$ 3,058	$ 3,793		
Buildings and improvements	Buildings and improvements	18,456	14,583		
Leasehold improvements	Leasehold improvements	10,888	10,174		
Furnishings and equipment	Furnishings and equipment	10,080	9,325		

Construction-in-Progress	Construction-in-Progress		716	1,618
			43,197	39,493
		48,323		
Accumulated depreciation and amortization	Accumulated depreciation and amortization		(13,372)	(11,367)
			$29,825	$28,126
		$		

Construction-in-progress consists of deposits made related to the construction of branch improvements and the purchase of furnishings and equipment.

Depreciation and amortization of premises and equipment was $2.7 million $2.9 million and $2.3 million $2.7 million for the years ended December 31, 2022 December 31, 2023 and 2021 2022 respectively.

NOTE 5 6 – LEASES

The Company leases certain office space, land and equipment under operating leases. These leases have original terms ranging from one year to 40 years. Operating lease liabilities and ROU right-of-use assets are recognized at the lease commencement date based on the present value of the future minimum lease payments over the lease term.

The Company had the following related to operating leases:

		December 31, 2022	December 31, 2021
		(Dollars in thousands)	
Right-of-use assets	Right-of-use assets	$25,906	$25,457
Lease liabilities	Lease liabilities	27,324	26,696
Weighted average remaining lease term for operating leases	Weighted average remaining lease term for operating leases	11.3 years	12.2 years

	December 31, 2023	December 31, 2022
	(Dollars in thousands)	(Dollars in thousands)
Weighted average remaining lease term for operating leases	10.3 years	11.3 years

Weighted average discount rate used in the measurement of lease liabilities	Weighted average discount rate used in the measurement of lease liabilities	2.19 %	1.97 %	Weighted average discount rate used in the measurement of lease liabilities	2.40 %	2.19 %

The following table is a summary of the Company's components of net lease cost for the year ended December 31, 2022 December 31, 2023 and 2021. 2022. The variable lease cost primarily represents variable payments such as common area maintenance and utilities.

	Year Ended December 31,	
	2022	2021
	(In thousands)	
Operating lease cost	$ 3,137	$ 3,034
Finance lease cost	23	19
Variable lease cost	228	219
Total lease cost	$ 3,388	$ 3,272

The following table presents supplemental cash flow information related to operating leases:

	Year Ended December 31,	
	2022	2021
Cash paid for amounts included in the measurement of operating lease liabilities:		
Operating cash flows from operating leases	$ 3,100	$ 2,721
Operating lease liabilities arising from obtaining right-of-use assets (non-cash):		
Operating leases	$ 2,999	$ 3,197

For the year ended December 31, 2022, the Company added two new lease obligations related to the Company's retail division in Hackensack and Union, New Jersey and one lease modification for an existing retail office.

	Year Ended December 31,	
	2023	2022
	(In thousands)	
Operating lease cost	$ 3,461	$ 3,137
Finance lease cost	4	23
Variable lease cost	267	228
Total lease cost	$ 3,732	$ 3,388

The following table presents supplemental cash flow information related to operating leases:

	Year Ended December 31,	
	2023	2022
	(In thousands)	
Cash paid for amounts included in the measurement of operating lease liabilities:		

Operating cash flows from operating leases	$	3,512	$	3,100
Operating lease liabilities arising from obtaining right-of-use assets (non-cash):				
Operating leases	$	2,088	$	2,999

Future undiscounted lease payments for operating leases with initial terms of one year or more as of December 31, 2022 December 31, 2023 are as follows:

		(In thousands)
2023	$	3,057
2024		3,040
2025		2,657
2026		2,657
2027		2,548
Thereafter		17,093
Total undiscounted lease payments		31,052
Less: imputed interest		(3,728)
Total	$	27,324

		(In thousands)
2024	$	3,404
2025		3,024
2026		3,026
2027		2,920
2028		2,583
Thereafter		15,340
Total undiscounted lease payments		30,297
Less: imputed interest		3,520
Total	$	26,777

NOTE 6 7 – DEPOSITS

Deposits at December 31, 2022 December 31, 2023 and December 31, 2021, December 31, 2022 are summarized as follows:

	December 31, 2022	Weighted Average Rate	December 31, 2021	Weighted Average Rate
	(In thousands)		(In thousands)	
Non -interest bearing deposits	$ 37,907	— %	$ 44,894	— %

	December 31, 2023	December 31, 2023	Weighted Average Rate	December 31, 2022	Weighted Average Rate
	(Dollars in thousands)			(Dollars in thousands)	

Non-interest bearing deposits								Non-interest bearing deposits	$ 27,739		— %	$ 37,907		— %
NOW and demand accounts	NOW and demand accounts	410,937	0.92	%	363,419	0.13	%	NOW and demand accounts	361,139	1.38	1.38 %	410,937	0.92	0.92 %
Savings	Savings	423,758	0.85	%	364,932	0.16	%	Savings	259,402	1.05	1.05 %	423,758	0.85	0.85 %
Time deposits	Time deposits	416,260	1.79	%	473,795	0.58	%	Time deposits	596,624	4.13	4.13 %	416,260	1.79	1.79 %
Total	Total	$1,288,862	1.15	%	$1,247,040	0.31	%	Total	$1,244,904	2.60	2.60 %	$ 1,288,862	1.15	1.15 %

Money market accounts are included within the NOW and demand accounts and savings captions. Included in time deposits are brokered deposits totaling $125.0 million at December 31, 2023 and $75.0 million at December 31, 2022. There were zero brokered deposits at December 31, 2021.

Time deposits mature as follows for the year ending December 31:

		(In thousands)
2023	$	294,912
2024		103,810
2025		10,891
2026		4,352
2027		2,295
	$	416,260

Time deposits that meet or exceed the FDIC insurance limit of $250,000 at December 31, 2022 and 2021, were $43.1 million and $47.3 million, respectively. As of December 31, 2022 and 2021, the Company had $2.2 million and $2.4 million respectively, in related party (principal officers, directors, and their affiliates) deposits.

Interest expense on deposits is summarized as follows (in thousands):

	Year Ended December 31,			
	2022		2021	
	(In thousands)			
NOW and demand accounts	$	1,344	$	519
Savings		1,615		572
Time deposits		2,779		6,793
Total	$	5,738	$	7,884

		(In thousands)
2024	$	572,431
2025		16,700
2026		3,360
2027		1,971
2028		2,162
	$	596,624

Time deposits that meet or exceed the FDIC insurance limit of $250,000 at December 31, 2023 and 2022, were $101.0 million and $43.1 million, respectively. Related party (principal officers, directors, and their affiliates) deposits as of December 31, 2023 and 2022, totaled $2.3 million and $2.2 million respectively.

Interest expense on deposits is summarized as follows (in thousands):

	Year Ended December 31,	
	2023	2022
	(In thousands)	
NOW and demand accounts	$ 5,267	$ 1,344
Savings	3,072	1,615
Time deposits	15,777	2,779
Total	$ 24,116	$ 5,738

NOTE 7 8 – ADVANCES FROM THE FEDERAL HOME LOAN BANK OF NEW YORK ("FHLB")

BORROWINGS

Advances from the FHLB are fixed-rate, term borrowings with remaining maturities ranging from one month to 25 30 months. At December 31, 2023, FHLB advances totaled $397.5 million with a weighted average interest rate of 4.90% and at December 31, 2022, FHLB advances totaled $310.5 million and $185.5 million at December 31, 2022 and 2021, respectively. with a weighted average interest rate of 3.87%. Each advance is payable at its maturity date with a prepayment penalty if repayment is made prior to the maturity date. During the year ended December 31, 2021, the Bank extinguished $111.4 million in FHLB borrowings incurring a prepayment penalty of $2.2 million. There were no extinguishments of debt during the year ended December 31, 2022. Advances are secured by loans pledged at the FHLB totaling $638.6 million $717.5 million and $319.9 million $638.6 million as of December 31, 2022 December 31, 2023 and 2021, 2022, respectively.

Advances mature as follows for the year ended December 31, 2022. follows:

Maturity	Rate Range			Weighted Average Rate	Amount
2023	0.70%	—	4.82%	4.37%	$ 252,000
2024	1.60%	—	1.94%	1.80%	38,000
2025	1.50%	—	1.60%	1.58%	20,500
				3.87%	$ 310,500

At December 31, 2021, FHLB advances totaled $185.5 million with a weighted average fixed rate of 0.92%.

Maturity	Rate Range			Weighted Average Rate	Amount
					(In thousands)
2024	1.60%	—	5.64%	5.12%	$ 327,000
2025	1.50%	—	1.60%	1.58%	20,500
2026	4.80%	—	4.80%	4.80%	50,000
				4.90%	$ 397,500

See Note 10 12 for further disclosure around Derivatives derivatives activities related to FHLB advances.

NOTE 8 9 – BENEFIT PLANS

Defined Benefit Pension Plan

The Company had been a participant in the Pentegra Defined Benefit Plan for Financial Institutions (the "Pentegra DB Plan"), a tax-qualified defined benefit pension plan. Effective January 1, 2020, this plan was frozen to all existing plan participants, eliminating all future benefit accruals. The Company elected to withdraw from the Pentegra DB Plan in August 2021, and recognized an $11.2 million expense associated with the exit from the plan. The withdrawal was completed on December 1, 2021.

401(k) Plan

The Company has a savings plan under Section 401(k) of the Internal Revenue Code, which covers substantially all employees upon employment who have attained the age of 18. Under the plan, employee contributions are partially matched by the Company at its sole discretion. Company contributions for the years ended December 31, 2022 December 31, 2023 and 2021 2022 were $711 thousand and $857 thousand, and $701 thousand, respectively.

SERPs, Directors' Plan and Other Postretirement Benefits Plan

The Company maintains an Executive Supplemental Income Retirement Plan ("SERP") for certain employees and a Director Retirement Plan ("DRP"). As the SERP and DRP plans are unfunded, there are no plan assets associated with these plans. During 2022, the DRP plan was amended to curtail the plan to the current participants and to establish fixed payments to the participant in the plan.

The Company provides certain health insurance benefits for retired employees and directors meeting plan eligibility requirements. Effective January 1, 2019, the employee postretirement health benefit plan was curtailed, leaving only 12 retired participants and beneficiaries remaining in the plan. Active participants who met certain requirements received payments in lieu of future benefits. The plans are unfunded as of December 31, 2022 December 31, 2023 and 2021, 2022, and the obligation is included in other liabilities as an accrued postretirement benefit cost.

The following table sets forth the change in benefit obligation, change in plan assets and a reconciliation of the unfunded status and the assumptions used in determining the net periodic cost included in the accompanying consolidated financial statements for the Company's post retirement plans. The measurement date for the post retirement plans were December 31 for each year presented.

	SERP and DRP		Post Retirement	
	2022	2021	2022	2021
	(In thousands)			
Change in benefit obligation:				
Projected benefit obligation at beginning of year	$ 3,941	$ 4,102	$ 1,613	$ 1,881
Service cost	98	201	1	1
Interest cost	87	79	39	38
Actuarial (gain) loss	(469)	(100)	(488)	(215)
Benefits paid	(339)	(341)	(93)	(92)
Plan amendments	(504)	—	—	—
Projected benefit obligation at end of year	2,814	3,941	1,072	1,613
Reconciliation of plan assets:				
Fair value of plan assets at beginning of year	—	—	—	—
Actual return on plan assets	—	—	—	—
Employer contributions	339	341	93	92
Benefits and Settlements paid	(339)	(341)	(93)	(92)
Fair value of plan assets at end of year	—	—	—	—
Unfunded status	$ 2,814	$ 3,941	$ 1,072	$ 1,613

	SERP and DRP		Post Retirement	
	2023	2022	2023	2022
	(In thousands)			
Change in benefit obligation:				
Projected benefit obligation at beginning of year	$ 2,814	$ 3,941	$ 1,072	$ 1,613
Service cost	100	98	—	1
Interest cost	141	87	51	39
Actuarial (gain) loss	126	(469)	4	(488)
Benefits paid	(278)	(339)	(80)	(93)
Plan amendments	—	(504)	—	—
Projected benefit obligation at end of year	2,903	2,814	1,047	1,072
Reconciliation of plan assets:				
Employer contributions	278	341	80	93
Benefits and Settlements paid	(278)	(341)	(80)	(93)
Unfunded status	$ 2,903	$ 2,814	$ 1,047	$ 1,072

Amounts recognized in accumulated other comprehensive income at December 31, ignoring tax effects, consist of:

	SERP and DRP		Post Retirement	
	2022	2021	2022	2021
	(In thousands)			
Unrecognized net actuarial loss (gain)	$ 279	$1,073	$(671)	$(189)
Unrecognized prior service cost	20	333	—	—
Total accumulated other comprehensive loss (gain)	$ 299	$1,406	$(671)	$(189)

	SERP and DRP	SERP and DRP		Post Retirement	
	2023	2023	2022	2023	2022
	(In thousands)			(In thousands)	

The weighted average assumptions used in the determination of benefit obligations as of December 31 were as follows:

	SERP and DRP		Post Retirement	
	2022	2021 (1)	2022	2021
Discount rate	4.81 %	2.31 %	4.91 %	2.53 %
Rate of compensation increase*	N/A	6.25 %	N/A	N/A

(1) Rate of compensation increase applicable to DRP only.

	SERP and DRP	Post Retirement

	2023	2022	2023	2022
Discount rate	4.60 %	4.81 %	4.71 %	4.91 %

The weighted-average assumptions used in the determination of net periodic benefit cost were as follows:

	SERP and DRP		Post Retirement	
	2022	2021 (1)	2022	2021
Discount rate	2.31 %	1.82 %	2.59 %	2.18 %
Expected rate of return on plan assets	N/A	N/A	N/A	N/A
Rate of compensation increase*	N/A	6.25 %	N/A	N/A

	SERP and DRP		Post Retirement	
	2023	2022	2023	2022
Discount rate	4.74 %	2.31 %	4.86 %	2.59 %
Expected rate of return on plan assets	N/A		N/A	

(1) Rate of compensation increase applicable to DRP only.

The components of net periodic benefit cost and other amounts recognized in other comprehensive income were as follows for the years ended December 31, 2022 December 31, 2023 and 2021: 2022:

	SERP and DRP		Post Retirement	
	2022	2021	2022	2021
	(In thousands)			
Service cost	$ 98	$ 201	$ 1	$ 1
Interest cost	87	79	39	38
Amortization:				
Past service liability	—	—	—	—
Net loss (gain)	134	213	(6)	(3)
Net periodic benefit cost	$ 319	$ 493	$ 34	$ 36

	SERP and DRP		Post Retirement	
	2023	2022	2023	2022
	(In thousands)			

Service cost	$ 100	$ 98	$ —	$ 1
Interest cost	141	87	51	39
Prior Service Cost	5	—	—	—
Amortization:				
Net loss (gain)	30	134	(42)	(6)
Net periodic benefit cost	$ 276	$ 319	$ 9	$ 34

The components of net periodic benefit cost other than the service cost component are included in “other non-interest expense” in the Statement of Operations. The estimated net loss and prior service cost for the post-retirement plans that will be amortized from accumulated other comprehensive income into net periodic benefit cost during 2023 2024 are $(85) $5 thousand and $5 thousand, respectively.

The benefits expected to be paid in each of the next five years and the aggregate for the five years thereafter are as follows:

	SERP and DRP	Post-Retirement
	(In thousands)	
2023	$ 272	$ 77

		SERP and DRP	SERP and DRP	Post- Retirement
		(In thousands)		(In thousands)
2024	2024	255	79	
2025	2025	257	80	
2026	2026	241	80	
2027	2027	227	81	
Years - 2032	2028	996	399	
2028				
Years 2029 - 2033				

NOTE 10 - STOCK-BASED COMPENSATION

Employee Stock Ownership Plan

The Company maintains the Blue Foundry Bank ESOP, a tax-qualified plan for the benefit of all Company employees designed to invest primarily in the Company’s common stock. The ESOP provides employees with the opportunity to receive a funded retirement benefit from the Bank, based primarily on the value of the Company’s common stock.

The ESOP borrowed funds from the Company to purchase 2,281,800 shares of stock at $10 per share. The loan is secured by the shares purchased, which are held until allocated to participants. Shares are released for allocation to participants as loan payments are made. Loan payments are principally funded by discretionary cash contributions by the Bank, as well as dividends, if any, paid to the ESOP on unallocated shares. When loan payments are made, ESOP shares are allocated to participants at the end of the plan year (December 31) based on relative compensation, subject to federal tax law limits. Participants receive the shares at the end of employment. Dividends on allocated shares, if any, increase participants participants’ accounts.

At December 31, 2022, December 31, 2023 and 2022, the principal balance on the ESOP loan is was $20.6 million and $21.2 million. million, respectively. Contributions to the ESOP during the years ended December 31, 2022 December 31, 2023 and 2021, 2022, totaled $615 $635 thousand and $1.0 million, $615 thousand, respectively. ESOP compensation expense is recognized over the service period and represents the fair value of shares allocated during the year. For the years ended December 31, 2022 December 31, 2023 and 2021, 2022, ESOP compensation expense was $1.2 million $895 thousand and $1.3 million $1.2 million respectively.

Shares held by the ESOP were as follows:

		December 31, 2022	December 31, 2021			
		(Dollars in thousands)				
	December 31, 2023				December 31, 2023	December 31, 2022
	(Dollars in thousands)					(Dollars in thousands)
Shares allocated to participants	Shares allocated to participants	182,544	91,272	Shares allocated to participants	273,816	182,544
Unallocated shares	Unallocated shares	2,099,256	2,190,528			
Total ESOP shares	Total ESOP shares	2,281,800	2,281,800			
Fair value of unallocated shares	Fair value of unallocated shares	$ 26,975	$ 32,047			
Fair value of unallocated shares						
Fair value of unallocated shares						

The fair value of the unallocated shares was computed using the closing trading price of the Company's common stock on each date.

Equity Incentive Plan

At the annual meeting held on August 25,2022, August 25, 2022, stockholders of the Company approved the Blue Foundry Bancorp 2022 Equity Incentive Plan ("Equity Plan") which provides for the granting of up to 3,993,150 shares (1,140,900 restricted stock awards and 2,852,250 stock options) of the Company's common stock.

Restricted shares granted under the Equity Plan generally vest in equal installments, over a service period between five and seven years beginning one year from the date of grant. Additionally, certain restricted shares awarded can be performance vesting awards, which may or may not vest depending upon the attainment of certain corporate financial targets. The vesting of the awards accelerate upon death, disability or an involuntary termination at or following a change in control. The product of the number of shares granted and the grant date closing market price of the Company's common stock determine the fair value of restricted shares under the Equity Plan. Management recognizes compensation expense for the fair value of restricted shares on a straight-line basis over the requisite service period.

Stock options granted under the Equity Plan generally vest in equal installments, over a service period between five and seven years beginning one year from the date of grant. The vesting of the options accelerate upon death, disability or an involuntary termination at or following a change in control. Stock options were granted at an exercise price equal to the fair value of the Company's common stock on the grant date based on the closing market price and have an expiration period of 10 ten years.

There were no stock options granted during the year ended December 31, 2023. The fair value of stock options granted are estimated utilizing the Black-Scholes option pricing model. The weighted average assumptions used for the options granted during the year ended December 31, 2022 are: expected life of 6.9 years years, risk-free rate of 3.94%, volatility of 29.41% and a dividend yield of 0.88%. Due to the limited historical information of the Company's stock, management considered the weighted historical volatility of the Company and similar entities for an appropriate period in determining the volatility rate used in the estimation of fair value. The expected life of the stock option was estimated using the simplified method. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant. The Company recognizes compensation expense for the fair values of these awards, which have graded vesting, on a straight-line basis over the requisite service period of the awards. Upon exercise of vested options, management expects to draw on treasury stock as the source for shares.

The following table presents the share-based compensation expense for the year years ended December 31, 2022. There was no share-based compensation expense for the year ended December 31, 2021. December 31, 2023 and 2022.

	2023	2022
	(In thousands)	
Stock option expense	$ 1,598	$ 422
Restricted stock expense	1,281	242
Total share-based compensation expense	$ 2,879	$ 664

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BLUE FOUNDRY BANCORP
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	Year ended December 31, 2022
	(In thousands)
Stock option expense	$ 422
Restricted stock expense	242
Total share-based compensation expense	$ 664

The following is a summary of the Company's stock option activity and related information for the year ended December 31, 2022 December 31, 2023:

	Number of Stock Options	Weighted Average Grant Date Fair Value	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)
Outstanding - December 31, 2021	—	$ —	$ —	—
Granted	2,610,563	4.12	11.65	9.8
Forfeited	(19,500)	4.25	11.69	9.8
Outstanding -December 31, 2022	2,591,063	$ 4.12	$ 11.65	9.8
Exercisable - December 31, 2022	—			

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BLUE FOUNDRY BANCORP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

	Number of Stock Options	Weighted Average Grant Date Fair Value	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)
Outstanding -December 31, 2022	2,591,063	$ 4.12	$ 11.65	9.8
Forfeited	(115,700)	4.25	11.69	8.8
Outstanding -December 31, 2023	2,475,363	$ 4.12	$ 11.65	8.8
Exercisable - December 31, 2023	396,419			

Expected future expense relating to the non-vested options outstanding as of December 31, 2022 December 31, 2023 is $10.3 million $8.2 million over a weighted average period of 6.3 5.3 years.

The following is a summary of the Company's restricted stock shares activity and related information for the year ended December 31, 2022 December 31, 2023:

	Number of Shares Awarded	Weighted Average Grant Date Fair Value
Outstanding - December 31, 2021	—	$ —

	Number of Shares Awarded	Number of Shares Awarded	Weighted Average Grant Date Fair Value
Outstanding - December 31, 2022			
Granted / Granted	299,481		11.54
Outstanding - December 31, 2022	299,481		$ 11.54
Vested			
Forfeited			
Outstanding - December 31, 2023			

Expected future expense relating to the non-vested restricted shares outstanding as of December 31, 2022 December 31, 2023 is $3.2 million $6.2 million over a weighted average period of 4.7 5.1 years.

NOTE 11 – INCOME TAXES

Income tax expense for the years ended December 31, 2023 and 2022, consists of the following:

	Current	Deferred	Total
		(In thousands)	
December 31, 2023			
Federal	$ —	$ —	$ —
State	—	—	—
	$ —	$ —	$ —
December 31, 2022			
Federal	$ 299	$ —	$ 299
State	39	—	39
	$ 338	$ —	$ 338

NOTE 9 – INCOME TAXES

Income tax expense for the years ended December 31, 2022 and 2021, consists of the following:

	Current		Deferred		Total	
			(In thousands)			
December 31, 2022						
Federal	$	299	$	—	$	299
State		39		—		39
	$	338	$	—	$	338
December 31, 2021						
Federal	$	140	$	5,810	$	5,950
State		—		3,668		3,668
	$	140	$	9,478	$	9,618

A reconciliation between the actual income tax expense and the expected federal income tax expense (computed by multiplying income before income tax expense times the applicable statutory federal income tax rate) for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, is as follows:

		2022	2021
		(In thousands)	
Income (loss) before income tax expense (benefit)	Income (loss) before income tax expense (benefit)	$ 2,734	$(26,724)
Applicable statutory federal income tax rate	Applicable statutory federal income tax rate	21.00 %	21.00 %
Computed “expected” federal income tax expense (benefit)	Computed “expected” federal income tax expense (benefit)	$ 574	$ (5,612)
Increase (decrease) in federal income tax expense resulting from:	Increase (decrease) in federal income tax expense resulting from:		
State income taxes, net of federal benefit	State income taxes, net of federal benefit	244	(1,614)
Valuation Allowance		(414)	16,719

	2023	2023	2022
	(In thousands)		(In thousands)
Applicable statutory federal income tax rate		21.00 %	21.00 %
State income taxes, net of federal benefit			
State income taxes, net of federal benefit			
Valuation allowance			

Tax-exempt income	Tax-exempt income	(96)	(108)
Bank owned life insurance	Bank owned life insurance	(103)	(100)
Non-deductible compensation	Non-deductible compensation	54	—
ESOP fair market value adjustment	ESOP fair market value adjustment	50	76
Stock compensation	Stock compensation	27	—
CARES Act – Carryback expense		—	247
Other items, net			
Other items, net			
Other items, net	Other items, net	2	10
Total	Total	$ 338	$ 9,618

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2022 December 31, 2023 and 2021, 2022, are as follows:

	December 31,	
	2022	2021
Deferred tax assets:	(In Thousands)	
Allowance for loan losses and REO	$ 4,242	$ 4,617
Net unrealized losses on securities available for sale	9,529	—
Net unrealized losses on derivatives	—	69
Accrued postretirement benefits	1,195	1,217
Accrued interest receivable	187	179
Accrued bonus	730	506
Stock compensation	150	—
Premises and equipment	109	—
Finance lease liability	7,681	7,504
Charitable contribution carryover	2,729	2,709
Unrealized actuarial loss on post retirement benefits	—	342
Federal net operating loss carryforward	5,417	6,648
State net operating loss carryforward	1,879	2,392
Other	—	37
Total gross deferred tax assets	33,848	26,220
Valuation allowance	(22,570)	(16,868)
Gross deferred tax assets after valuation allowance	11,278	9,352
Deferred tax liabilities:		

Net unrealized gains on securities available for sale	—	327
Net unrealized gains on derivatives	3,118	—
Deferred loan fees, net	772	1,198
Unrealized actuarial gains on post retirement benefits	105	—
Premises and equipment	—	489
Finance lease ROU asset	7,282	7,156
Other	1	182
Total gross deferred tax liabilities	11,278	9,352
Net deferred tax asset	$ —	$ —

	December 31, 2023	December 31, 2022
Deferred tax assets:	(In thousands)	
Allowance for credit losses on loans and REO	$ 4,064	$ 4,242
Allowance for losses held-to-maturity securities	38	—
Net unrealized losses on securities available-for-sale	8,087	9,529
Accrued postretirement benefits	1,173	1,195
Accrued interest receivable	144	187
Accrued bonus	244	730
Stock compensation	602	150
Premises and equipment	184	109
Finance lease liability	7,527	7,681
Charitable contribution carryover	2,533	2,729
Federal net operating loss carryforward	6,935	5,417
State net operating loss carryforward	2,345	1,879
Other	61	—
Total gross deferred tax assets	33,937	33,848
Valuation allowance	(24,105)	(22,570)
Gross deferred tax assets after valuation allowance	9,832	11,278
Deferred tax liabilities:		
Net unrealized gains on derivatives	2,131	3,118
Deferred loan fees, net	559	772
Unrealized actuarial gains on post retirement benefits	66	105
Finance lease right-of-use asset	7,076	7,282
Other	—	1
Total gross deferred tax liabilities	9,832	11,278
Net deferred tax asset	$ —	$ —

Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. A significant piece of objective negative evidence evaluated was the cumulative loss incurred over the three-year period ended December 31, 2022 December 31, 2023. Such objective evidence limits the ability to consider other subjective evidence, such as our projections for future growth.

On the basis of this evaluation, for the year ended December 31, 2022 December 31, 2023, a valuation allowance of $22.6 million $24.1 million has been maintained. The amount of the deferred tax asset considered realizable could be adjusted if estimates of future taxable income increased or if objective negative evidence in the form of cumulative losses is no longer present and additional weight is given to subjective evidence such as our projections for growth. Net deferred tax assets are included in other assets.

At December 31, 2022 December 31, 2023, the Company had federal net operating loss ("NOL") carryforwards of $25.8 million $33.0 million with no expiration date. Under the provisions of the 2017 Tax Cuts and Jobs Act, use of our federal NOL carryforwards will be limited to 80% of taxable income in future periods. The Company also had New Jersey net operating loss carryforwards of $26.4 million $33.0 million, the majority of which expire in 19 18 years. We believe it is more likely than not the benefit from both the federal and state NOL carryforwards will not be realized. In recognition of this risk, As such, we have provided a valuation allowance of $7.3 million $9.3 million on the deferred tax assets related to the NOL carryforwards. The Company contributed $9.0 million to the Blue Foundry Charitable Foundation in 2021 and the deferred benefit has a 5 five year carryforward limitation.

Retained earnings at December 31, 2022 December 31, 2023 and 2021, 2022, includes approximately $14.6 million, for which no provision for income tax has been made. This amount represents an allocation of income to bad debt deductions for tax purposes only. Events that would result in taxation of these reserves include the failure to qualify as a bank for tax purposes, distributions in complete or partial liquidation, stock redemptions and excess distributions to stockholders.

The Company and its subsidiary are subject to U.S. federal income tax as well as state income taxes, primarily New Jersey. The Company is no longer subject to examination by Federal taxing authorities for tax years before January 1, 2019 January 1, 2020, and State taxing authorities for tax years before January 1, 2018 January 1, 2019. Currently, the Company is not under examination by any taxing authority. The Company's New Jersey state tax returns for the tax years ended December 31, 2015 through 2018 were audited during 2021. The completion of this examination did not have a material impact on the Company's effective tax rates and financials.

On August 16, 2022, the Inflation Reduction Act of 2022 was signed into legislation. The Act includes provisions that extend the expanded Affordable Care Act health plan premium assistance program through 2025, impose an excise tax on stock buybacks, increase funding for IRS tax enforcement, expand energy incentives, and impose a corporate minimum tax. The Corporation Company has evaluated such provisions and determined that the impact of the Inflation Reduction Act of 2022 on the income tax provision and deferred tax assets of 12/31/2022 December 31, 2023 was not material.

NOTE 10 12 – DERIVATIVES

The Company utilizes interest rate swap agreements as part of its asset liability management strategy to help manage its interest rate risk position. The notional amount of the interest rate swaps does not represent amounts exchanged by the parties. The amount exchanged is determined by reference to the notional amount and the other terms of the individual interest rate swap agreements.

Interest rate swaps with notional amounts totaling $109.0 million $259.0 million at December 31, 2022 and December 31, 2021, December 31, 2023 were designated as cash flow hedges of certain FHLB advances and brokered deposits. At December 31, 2022, interest rate swaps with notional amounts totaling $109.0 million were designated as cash flow hedges of certain FHLB advances. They were determined to be highly effective during all periods presented. The Company expects the hedges to remain highly effective during the remaining terms of the swaps.

December 31, 2023 and 2022

Summary information about the interest-rate swaps designated as cash flow hedges as of period-end the dates presented is as follows:

		December 31, 2022	December 31, 2021					
		(Dollars in thousands)						
		December 31, 2023			December 31, 2023		December 31, 2022	
		(Dollars in thousands)					(Dollars in thousands)	
Notional amounts	Notional amounts	$ 109,000	$109,000					
Weighted average pay rates	Weighted average pay rates	1.46 %	1.46 %	Weighted average pay rates	2.91	%	1.46	%
Weighted average receive rates	Weighted average receive rates	4.61 %	0.17 %	Weighted average receive rates	5.49	%	4.61	%
Weighted average maturity (in years)		4.2	5.3					
Weighted average maturity				Weighted average maturity	3.2 years		4.2 years	
Gross unrealized gain included in other assets								
Gross unrealized gain included in other assets								
Gross unrealized gain included in other assets	Gross unrealized gain included in other assets	$ 11,091	$ 1,313					
Gross unrealized loss included in other liabilities	Gross unrealized loss included in other liabilities	—	1,559					
Unrealized gains (losses), net	Unrealized gains (losses), net	$ 11,091	$ (246)					

At December 31, 2022 December 31, 2023, the Company held $11.5 million $8.1 million as cash collateral pledged from the counterparty for these interest-rate swaps. At December 31, 2022, the Company swaps and had no securities pledged to the counterparty. At December 31, 2021 December 31, 2022, the Company held $11.5 million as cash collateral pledged from the counterparty and had no securities pledged as collateral for these swaps totaled $5.6 million.

to the counterparty.

Interest income (expense) or expense recorded on these swap transactions is reported as a component of interest expense on FHLB advances. advances or brokered deposits. Interest income (expense) for the years ended December 31, 2022 December 31, 2023 and 2021 2022 totaled $5.5 million and $356 thousand, and $(1.4) million, respectively. At December 31, 2022 December 31, 2023, the Company expected $3.8 million $4.9 million of the unrealized gain to be reclassified as a reduction to interest expense during 2023. 2024.

Cash Flow Hedge

The effect of cash flow hedge accounting on accumulated other comprehensive income for the years ended December 31, 2022 December 31, 2023 and 2021 2022 are as follows:

	Amount of Gain (Loss) Recognized in OCI on Derivative (1)	Location of Gain (Loss) Reclassified from OCI into Income/(Expense)	Amount of Gain (Loss) Reclassified from OCI to Income/(Expense)
		(In thousands)	
	Amount of (Loss) Gain Recognized in OCI on Derivative (1)		
		(In thousands)	
	Amount of (Loss) Gain Recognized in OCI on Derivative (1)	Location of Gain (Loss) Reclassified from OCI into Income/(Expense)	Amount of Gain Reclassified from OCI to Income/(Expense)
			(In thousands)
Year Ended December 31, 2023			
Interest rate contracts			
Interest rate contracts			
Interest rate contracts			
Year Ended December 31, 2022 Year Ended December 31, 2022			
Interest rate contracts Interest rate contracts	$ 11,337	Interest Expense	$ 356
Year Ended December 31, 2021			
Interest rate contracts Interest rate contracts	$ 3,740	Interest Expense	$ (1,427)
Interest rate contracts			

(1) For the years ended December 31, 2022 and 2021, there is no Net of tax, effect due to the adjusted for deferred taxes valuation allowance. See Note 9 for information related to the deferred taxes tax valuation allowance.

NOTE 11 13 – ACCUMULATED OTHER COMPREHENSIVE INCOME

Accumulated other comprehensive income represents the net unrealized holding gains on securities available-for-sale, derivatives and the funded status of the Company's benefit plans, as of the consolidated balance sheet dates, net of the related tax effect.

The following table presents the components of other comprehensive income (loss) income both gross and net of tax, inclusive of a deferred tax valuation allowance, for the periods indicated.

	Year Ended December 31,					
	2022			2021		
	Before Tax	Tax Effect (1)	After Tax	Before Tax	Tax Effect	After Tax
	(In thousands)					
Components of Other Comprehensive (Loss) Income:						
Unrealized loss on securities available for sale:						
Unrealized loss arising during the period	$ (37,260)	$ —	$(37,260)	$(4,626)	$1,508	$(3,118)
	Year Ended December 31,			Year Ended December 31,		
	2023			2022		
	Before Tax	Tax Effect (1)	After Tax	Before Tax	Tax Effect	After Tax
	(In thousands)			(In thousands)		
Components of Other Comprehensive Income (Loss):						
Unrealized gain (loss) on securities available-for-sale:						
Unrealized gain (loss) on securities available-for-sale:						
Unrealized gain (loss) on securities available-for-sale:						
Unrealized gain (loss) arising during the period						
Unrealized gain (loss) arising during the period						
Unrealized gain (loss) arising during the period						
Reclassification adjustment for (gains) losses included in net income / Reclassification adjustment for (gains) losses included in net income	(14)	—	(14)	1	—	1
Total / Total	(37,274)	—	(37,274)	(4,625)	1,508	(3,117)
Unrealized gain on cash flow hedge: / Unrealized gain on cash flow hedge:						
Unrealized gain arising during the period						
Unrealized gain arising during the period						
Unrealized gain arising during the period / Unrealized gain arising during the period	11,693	—	11,693	3,871	(1,138)	2,733

Reclassification adjustment for (gains) losses included in net income	(356)	—	(356)	1,427	(420)	1,007
Total	11,337	—	11,337	5,298	(1,558)	3,740
Post-Retirement plans:						
Net benefit arising from plan amendment (2)	504	—	504	—	—	—
Net gain arising during the period	858	—	858	315	(430)	(115)
Net actuarial loss	228	—	228	210	(59)	151
Total	1,590	—	1,590	525	(489)	36
Total other comprehensive (loss) income:	$ (24,347)	$ —	$(24,347)	$ 1,198	$ (539)	$ 659

Net benefit arising from plan amendment (2)
Net benefit arising from plan amendment (2)
Net actuarial loss
Net actuarial loss
Total other comprehensive income (loss):

(1) The 2023 and 2022 period includes periods include a deferred tax valuation allowance.
(2) Benefit arising from plan amendment approved in June 2022.

The following is a summary of the changes in accumulated other comprehensive income by component, net of tax, inclusive of a deferred tax valuation allowance, for the periods indicated:

	Unrealized Gains and (Losses) on Cash Flow Hedges	Unrealized Gains and (Losses) on Available-for-sale Securities	Post-Retirement Plans	Total
	(In thousands)			
Balance at December 31, 2021	$ (246)	$ 1,091	$ (1,217)	$ (372)

		Unrealized Gains and (Losses) on Cash Flow Hedges	Unrealized Gains and (Losses) on Cash Flow Hedges	Unrealized Gains and (Losses) on Available-for-sale Securities	Post-Retirement Plans	Total
		(In thousands)			(In thousands)	
Balance at December 31, 2022						
Other comprehensive income (loss) before reclassification	Other comprehensive income (loss) before reclassification	11,693	(37,260)	1,362	(24,205)	
Amounts reclassified from accumulated other comprehensive income	Amounts reclassified from accumulated other comprehensive income	(356)	(14)	228	(142)	
Net current period other comprehensive gain (loss)	Net current period other comprehensive gain (loss)	11,337	(37,274)	1,590	(24,347)	
Balance at December 31, 2022		$ 11,091	$ (36,183)	$ 373	$(24,719)	
Balance at December 31, 2023						

	Unrealized Gains and (Losses) on Cash Flow Hedges	Unrealized Gains and (Losses) on Available-for-sale Securities	Post-Retirement Plans	Total
	(In thousands)			
Balance at December 31, 2020	$ (3,986)	$ 4,208	$ (1,253)	$(1,031)

	Unrealized Gains and (Losses) on Cash Flow Hedges	Unrealized Gains and (Losses) on Cash Flow Hedges	Unrealized Gains and (Losses) on Available-for-sale Securities	Post-Retirement Plans	Total
	(In thousands)			(In thousands)	
Balance at December 31, 2021					

Other comprehensive income (loss) before reclassification	Other comprehensive income (loss) before reclassification	2,733	(3,118)	(115)	(500)
Amounts reclassified from accumulated other comprehensive income	Amounts reclassified from accumulated other comprehensive income	1,007	1	151	1,159
Net current period other comprehensive gain (loss)	Net current period other comprehensive gain (loss)	3,740	(3,117)	36	659
Balance at December 31, 2021		$ (246)	$ 1,091	$ (1,217)	$ (372)
Balance at December 31, 2022					

The following table presents information about amounts reclassified from accumulated other comprehensive income (loss) to the consolidated statements of operations for the periods indicated:

Details about Accumulated Other Comprehensive Income Components	Details about Accumulated Other Comprehensive Income Components	Year Ended December 31, 2022	Year Ended December 31, 2021	Affected Line Item in the Statement Where Net Income is Presented	Details about Accumulated Other Comprehensive Income Components	Year Ended December 31,		Affected Line Item in the Statement Where Net Income is Presented
		(In thousands)						
Unrealized gain (loss) on securities available for sale:								
Realized gains (losses) on securities available for sale		$ 14	$ (1)	Gain (loss) on sales and calls of securities				
		(In thousands)						
		(In thousands)						
		(In thousands)						
Unrealized gain (loss) on securities available-for-sale:								
Unrealized gain (loss) on securities available-for-sale:								
Unrealized gain (loss) on securities available-for-sale:								
Realized gains (losses) on securities available-for-sale								
Realized gains (losses) on securities available-for-sale								
Realized gains (losses) on securities available-for-sale						$20	$ 14	Gain (loss) on sales and calls of securities
Gains and (losses) on cash flow hedges:	Gains and (losses) on cash flow hedges:							
Interest rate contracts								
Interest rate contracts								

Interest rate contracts	Interest rate contracts	356	(1,427)	Interest income (expense)		5,472	356	356	Interest expense		Interest expense
Amortization of benefit plan items:	Amortization of benefit plan items:										
Net actuarial loss	Net actuarial loss	(228)	(210)	Compensation and benefits							
Net actuarial loss											
Net actuarial loss						136		(228)		Compensation and benefits	
Total tax effect	Total tax effect	—	479	Income tax expense	Total tax effect	—	—	—	Income tax expense		Income tax expense
Total reclassification for the period, net of tax	Total reclassification for the period, net of tax	$142	$(1,159)								

NOTE 12 14 – FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 – Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

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

The Company used the following methods and significant assumptions to estimate fair value:

Securities: For securities available-for-sale and equity securities, fair value was estimated using a market approach. The majority of the Company's securities are fixed income instruments that are not quoted on an exchange, but are traded in active markets. Prices for these instruments are obtained through third party data service providers or dealer market participants with which the Company has historically transacted both purchases and sales of securities. Prices obtained from these sources include market quotations and matrix pricing. Matrix pricing, a Level 2 input as defined by ASC 820, is a mathematical technique used principally to value certain securities to benchmark or comparable securities. The Company evaluates the quality of Level 2 matrix pricing through comparison to similar assets with greater liquidity and evaluation of projected cash flows. The Company also holds equity securities and debt instruments issued by the U.S. government and U.S. government sponsored agencies that are traded in active markets with readily accessible quoted market prices that are considered Level 1 inputs.

Derivatives: The fair values of derivatives are based on valuation models using observable market data as of the measurement date (Level 2). The Company's derivatives are traded in an over-the-counter market where quoted market prices are not always available. Therefore, the fair values of derivatives are determined using quantitative models that utilize multiple market inputs. The inputs will vary based on the type of derivative, but could include interest rates, prices and indices to generate continuous yield or pricing curves, prepayment rates, and volatility factors to value the position. The majority of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions and third-party pricing services.

Impaired Loans: The fair value of impaired loans with specific allocations of the allowance for loan credit losses on loans is generally based on recent real estate appraisals. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are usually significant and typically result in a Level 3 classification of the inputs for determining fair value.

Other real estate owned (OREO): Property acquired through foreclosure or deed in lieu of foreclosure is carried at estimated fair value less estimated selling costs of the acquired property. Fair value of OREO is generally based on independent appraisals of the collateral.

Assets Held for Sale: Nonrecurring adjustments to certain non-residential properties classified as assets held for sale are measured at fair value, less costs to sell. Fair values are based on contracts / or letters of intent.

The following table summarizes the fair value of assets and liabilities as of December 31, 2023:

		Fair Value Measurements at December 31, 2023, Using		
	Total	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:				
Financial assets				
Securities available-for-sale:				
U.S. Treasury Notes	$ 35,060	$ 35,060	$ —	$ —
Corporate Bonds	76,623	—	76,623	—
U.S. Government agency obligations	11,140	11,140	—	—
Obligations issued by U.S. states and their political subdivisions	6,195	—	6,195	—
Mortgage-backed securities:				
Residential one-to-four family	128,542	—	128,542	—
Multifamily	11,523	—	11,523	—
Asset-backed securities	14,683	—	14,683	—
Total securities available-for-sale	283,766	46,200	237,566	—
Derivatives	9,047	—	9,047	—
Total financial assets measured on a recurring basis	$ 292,813	$ 46,200	$ 246,613	$ —
Financial Liabilities				
Derivatives	$ 1,465	$ —	$ 1,465	$ —
Measured on a nonrecurring basis:				
Nonfinancial assets				
Real estate owned	$ 593	$ —	$ —	$ 593

The following table summarizes the fair value of assets and liabilities as of December 31, 2022:

		Fair Value Measurements at December 31, 2022, Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(In thousands)		

					Fair Value Measurements at December 31, 2022, Using
	Total	Fair Value Measurements at December 31, 2022, Using Quoted Prices in Active Markets for Identical Assets	Total	(Level 1)	Quoted Prices in Active Markets for Identical Assets (Level 2)	Significant Other Observable Inputs (Level 3)	Significant Unobservable Inputs
		(In thousands)			(In thousands)
Measured on a recurring basis: Measured on a recurring basis:					
Financial assets Financial assets					
Securities available for sale:					
Financial assets					
Financial assets					
Securities available-for-sale					
Securities available-for-sale					
Securities available-for-sale					
U.S. Treasury Notes U.S. Treasury Notes	$ 43,759	$ 43,759	$ —	$ —	
Domestic Corporate Bonds	76,298	—	76,298	—	
U.S. Treasury Notes					
U.S. Treasury Notes					
Corporate Bonds					
U.S. Government agency obligations U.S. Government agency obligations	15,423	11,295	4,128	—	

Obligations issued by U.S. states and their political subdivisions	Obligations issued by U.S. states and their political subdivisions	16,268	—	16,268	—
Mortgage-backed securities:	Mortgage-backed securities:				
Residential one-to-four family	Residential one-to-four family	140,186	—	140,186	—
Residential one-to-four family					
Residential one-to-four family					
Multifamily	Multifamily	18,158	—	18,158	—
Asset-backed securities	Asset-backed securities	4,156	—	4,156	—
Total securities available for sale		314,248	55,054	259,194	—
Total securities available-for-sale					
Derivatives	Derivatives	$ 11,091	—	11,091	—
Total financial assets measured on a recurring basis	Total financial assets measured on a recurring basis	$325,339	$ 55,054	$ 270,285	$ —
Financial Liabilities	Financial Liabilities				
Derivatives	Derivatives	$ —	$ —	$ —	$ —
Derivatives					
Derivatives					
Measured on a nonrecurring basis:	Measured on a nonrecurring basis:				
Nonfinancial assets	Nonfinancial assets				
Nonfinancial assets					
Nonfinancial assets					
Assets held for sale					
Assets held for sale					
Assets held for sale	Assets held for sale	$ 917	$ —	$ 917	$ —

In September 2022, a branch office was designated as held for sale, which resulted in a write-down from book value to fair value. The impairment recorded on the premises was $71 thousand which resulted in a remaining book value of $917 thousand that was reclassified from premises to assets held for sale. The $71 thousand impairment is included in other expenses and the asset held for sale is included in other assets.

The following table summarizes the fair value of assets and liabilities as of December 31, 2021:

		Fair Value Measurements at December 31, 2021, Using		
	Total	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:				
Financial assets				
Securities available for sale				
U.S. Treasury Notes	$ 36,832	$ 36,832	$ —	$ —
Domestic Corporate Bonds	87,619	—	87,619	—
U.S. Government agency obligations	23,329	17,617	5,712	—
Obligations issued by U.S. states and their political subdivisions	20,324	—	20,324	—
Mortgage-backed securities:	—			
Residential one-to-four family	114,401	—	114,401	—
Multifamily	35,916	—	35,916	—
Asset-backed securities	6,471	—	6,471	—
Total securities available for sale	324,892	54,449	270,443	—
Derivatives	1,313	—	1,313	—
Total financial assets measured on a recurring basis	$ 326,205	$ 54,449	$ 271,756	$ —
Financial Liabilities				
Derivatives	$ 1,559	$ —	$ 1,559	$ —

There were no assets or liabilities measured at fair value on a non-recurring basis at December 31, 2021. The assets held for sale and REO were sold in December 2021, resulting in a net loss of $104 thousand and $6 thousand for assets held for sale and REO, respectively.

Other Fair Value Disclosures

Fair value estimates, methods and assumptions for the Company's financial instruments that are not recorded at fair value on a recurring or non-recurring basis are set forth below.

Securities held-to-maturity: The Company's debt securities held-to-maturity portfolio is carried at amortized cost. The fair values of debt securities held-to-maturity are provided by a third-party pricing service. The pricing service may use quoted market prices of comparable instruments or a variety of other forms of analysis, incorporating inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies include, but are not limited to, benchmark yields, credit spreads, default rates, prepayment speeds and non-binding broker quotes.

Loans, net: Fair values are estimated for portfolios of loans with similar financial characteristics. Loans are segregated by type such as residential mortgage and consumer. Each loan category is further segmented into fixed and adjustable rate interest terms and by performing and non-performing categories. Estimated fair value of loans is determined using a discounted cash flow model that employs an exit discount rate that reflects the current market pricing for loans with similar characteristics and remaining maturity, adjusted for estimated credit losses inherent in the portfolio at the balance sheet date.

Time Deposits: The fair value of time deposits is based on the discounted value of contractual cash flows. The discount rate is estimated using rates for currently offered deposits of similar remaining maturities.

Federal Home Loan advances: The fair value of borrowings is based on securities dealers' estimated fair values, when available, or estimated using discounted cash flow analysis. The discount rates used approximate the rates offered for similar borrowings of similar remaining terms.

The following tables present the book value, fair value, and placement in the fair value hierarchy of financial instruments not recorded at fair values in their entirety on a recurring basis on the Company's balance sheet at December 31, 2022 December 31, 2023 and 2021. 2022. The fair value measurements presented are consistent with Topic 820, Fair Value Measurement, in which fair value represents exit price.

These tables exclude financial instruments for which the carrying amount approximates fair value. Financial instruments for which the carrying amount approximates fair value include cash and cash equivalents, other investments, non-maturity deposits, overnight borrowings, and accrued interest, and are excluded from the table below.

The carrying amounts and fair value of financial instruments not carried at fair value, at December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022 are as follows:

		Fair Value Measurements at December 31, 2022, Using		
	Book Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In thousands)			
Financial assets				
Securities held-to-maturity	$ 33,705	$ —	$ 29,115	$ —
Loans, net	1,531,727	—	—	1,332,882

		Fair Value Measurements at December 31, 2023, Using		
	Book Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In thousands)			
Financial assets				
Securities held-to-maturity				
Securities held-to-maturity				
Loans, net of allowance for credit losses				

		Book Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial liabilities	Financial liabilities				
Time Deposits	Time Deposits	416,260	—	408,904	—
Federal Home Loan advances		310,500	—	318,688	—

Time Deposits

Fair Value Measurements at December 31, 2021, Using

Time Deposits

Federal Home Loan Bank advances

	Book Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(In thousands)		

Fair Value Measurements at December 31, 2022, Using

Fair Value Measurements at December 31, 2022, Using

Fair Value Measurements at December 31, 2022, Using

	Book Value	Quoted Prices in Active Markets for Identical Assets		
		(In thousands)		

Book Value	(Level 1)	Quoted Prices in Active Markets for Identical Assets (Level 2)	Significant Other Observable Inputs (Level 3)	Significant Unobservable Inputs
		(In thousands)		

		Book Value	(Level 1)	(Level 2)	(Level 3)
Financial assets	Financial assets				
Securities held-to-maturity	Securities held-to-maturity	$ 23,281	$ —	$ 22,849	$ —
Loans, net		1,273,184			1,266,799

Securities held-to-maturity

Securities held-to-maturity

Loans, net of allowance for loan losses

		Book Value	(Level 1)	(Level 2)	(Level 3)
Financial liabilities	Financial liabilities				
Time Deposits	Time Deposits	473,795	—	470,732	—

Federal Home Loan advances	185,500	—	182,795
Time Deposits			
Time Deposits			
Federal Home Loan Bank advances			

NOTE 13 15 – COMMITMENTS AND CONTINGENCIES

The Company extends credit to meet the financing needs of its customers through commitments and lines of credit. In addition we routinely enter into other commitments in the normal course of business.

The following commitments exist at December 31, 2022 December 31, 2023 and 2021, 2022, which are not reflected in the accompanying consolidated financial statements:

		As of December 31, 2022	As of December 31, 2021
		(Dollars in Thousands)	
	December 31, 2023 (In thousands)	December 31, 2023	December 31, 2022 (In thousands)
Origination of mortgage loans:	Origination of mortgage loans:		
Fixed rate	Fixed rate	$ 626	$1,847
Fixed rate			
Fixed rate			
Variable rate	Variable rate	7,344	14,456
Origination of commercial and industrial loans			
Undisbursed home equity credit lines	Undisbursed home equity credit lines	34,814	33,265
Undisbursed construction credit lines	Undisbursed construction credit lines	43,708	17,700
Undisbursed commercial credit lines	Undisbursed commercial credit lines	1,476	1,792

Performance standby letters of credit	Performance standby letters of credit	671	671
Overdraft protection credit lines	Overdraft protection credit lines	20,022	19,038
Commitments to purchase investments	Commitments to purchase investments	850	1,000

These instruments involve elements of credit and interest rate risk in excess of the amount recognized in the consolidated financial statements. The Company uses the same credit policies and collateral requirements in making commitments and conditional obligations as it does for on-balance-sheet loans. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company has no exposure to credit loss if the customer does not exercise its rights to borrow under the commitment. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation of the borrower.

The Company issues financial standby letters of credit that are within the scope of ASC 460, *Guarantees*. These are irrevocable undertakings of the Company to guarantee payment of a specified financial obligation. Most of the Company's standby letters of credit arise in connection with lending relationships and generally have terms of one year or less, or are issued in lieu of security deposits. The maximum potential future payments the Company could be required to make equals the contract amount of the standby letters of credit.

NOTE 14 16 – REVENUE FROM CONTRACTS WITH CUSTOMERS AND OTHER INCOME

All of the Company's revenue from contracts with customers in the scope of ASC 606 is recognized within non-interest income in the Statement of Operations.

The following table presents the Company's sources of revenue from contracts with customers for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively.

	Year Ended December 31,	
	2023	2022
	(In thousands)	
Service charges on deposits	$ 856	$ 992
Interchange income	51	43
Total revenue from contracts with customers	$ 907	$ 1,035

	Year Ended December 31,	
	2022	2021
	(In thousands)	
Non-interest income		
Service charges on deposits	992	$ 954
Interchange income	43	33
REO gain	—	6
Total Revenue from Contracts with Customers	$ 1,035	$ 993

Service Charges on Deposit Accounts: The Company earns fees from its deposit customers for transaction-based, account maintenance and, prior to November 1, 2022, overdraft services. Transaction based fees, which include services such as ATM use fees, stop payment charges, statement rendering and ACH wire transfer fees, are recognized at the time the transaction is executed as that is the point in the time the Company fulfills the customer's request. Account maintenance fees, which relate primarily to monthly maintenance, are earned over the course of a month, representing the period over which the Company satisfies the performance obligation. Overdraft When they were assessed, overdraft fees were recognized at the point in time the overdraft occurred. Beginning in November 2022, the Company ended its practice of charging overdraft fees to customers. Service charges on deposits are withdrawn from the customer's account balance.

Interchange Income: The Company earns interchange fees from debit/credit debit cardholder transactions conducted through a payment network. Interchange fees from debit cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services provided to the cardholder.

Gain/loss on sale of Real Estate Owned ("REO"): The Company records a gain or loss from the sale of REO when control of the property transfers to the buyer, which generally occurs at the time of an executed deed. When In addition, the Company finances the sale of REO to the buyer, the Company assesses whether the buyer is committed to perform earns interchange fees from credit cardholder transactions through its obligations under the contract and whether collectability of the transaction price is probable. Once these criteria are met, the REO asset is derecognized and the gain or loss on sale is recorded upon the transfer of control of the property to the buyer. In determining the gain or loss on the sale, the Company may adjust the transaction price and related gain (loss) on sale if partnership with a significant financing component is present. third party.

NOTE 17 - SHAREHOLDERS' EQUITY

NOTE 15 - STOCK REPURCHASE PROGRAM

On July 20, 2022, the Company's Board of Directors adopted a The Company's stock repurchase program programs authorize the repurchase of up to 2,852,250 shares, approximately 10%, of its outstanding common stock. Under the stock repurchase program, the Company is authorized to repurchase shares in open market or private transactions, through block trades or pursuant to any trading plan that may be adopted in accordance with Rule 10b5-1 of the Securities and Exchange Commission. The timing and amount of any repurchases will depend on a number of factors, including the availability of stock, general market conditions, the trading price of the stock, alternative uses for capital, the Company's liquidity, and the Company's financial performance. Open market purchases will be made in accordance with Rule 10b-18 of the Securities and Exchange Commission and other applicable legal requirements. Repurchased shares will be held as treasury stock and will be available for general corporate purposes. The repurchases may 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. These factors may also affect the timing and amount of share repurchases. The Company is not obligated to repurchase any particular number of shares or any shares in any specific time period.

On July 20, 2022, the Company's Board of Directors adopted its first stock repurchase program of up to 2,852,250 shares, approximately 10%, of its outstanding common stock.

On April 19, 2023, the Company announced its second share repurchase program, which authorized the purchase of an additional 5% of its publicly-held shares of common stock, or 1,335,126 shares. The second repurchase plan commenced immediately upon the completion of the first repurchase plan.

On August 16, 2023, the Company announced its third share repurchase program, which authorized the purchase of an additional 5% of its publicly-held shares of common stock, or 1,268,382 shares. The third plan commenced immediately upon completion of the second repurchase plan.

During the year ended December 31, 2022, the Company repurchased 1,298,762 shares of its common stock outstanding at an average price of $12.03 for a total of $15.6 million pursuant to the stock repurchase program. This program has no expiration date and has 1,553,488 During the year ended December 31, 2023, the Company completed the purchase of 3,717,949 shares yet authorized in the plans for an average price of $9.68 per share for a total cost of $36.0 million. At December 31, 2023, 439,047 shares remain available to be repurchased as of December 31, 2022.

repurchase in the third plan.

NOTE 16 18 - EARNINGS PER SHARE

Basic earning per share ("EPS") represents income available to common shareholders divided by the weighted-average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common shares (such as stock options) were exercised or converted into additional common shares that would then share in the earnings of the entity. Diluted EPS is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period, plus the effect of potential dilutive common share equivalents.

Shares held by the ESOP not allocated to employees in accordance with the terms of the ESOP, referred to as "unallocated ESOP shares", are not deemed outstanding for earnings per share calculations.

	For the Year ended December 31,	
	2022	2021
	(Income In thousands)	
Net income (loss) applicable to common shares	$ 2,396	$ (36,342)
Shares		
Average number of common shares outstanding (1)	28,310,389	13,206,308
Less: Average unallocated ESOP shares	2,144,548	1,035,258
Average number of common shares outstanding used to calculate basic earnings per common share	26,165,841	12,171,050
Common stock equivalents	105,023	—
Average number of common shares outstanding used to calculate diluted earnings per common share	26,270,864	12,171,050
Earnings per common share		
Basic	$ 0.09	$ (2.99)
Diluted	$ 0.09	$ (2.99)

(1) For December 31, 2021, the average number of common shares outstanding was calculated using zero shares outstanding prior to the conversion on July 15, 2021.

	For the Year Ended December 31,	
	2023	2022
	(In thousands)	
Net (loss) income applicable to common shares	$ (7,397)	$ 2,396
Shares		
Average number of common shares outstanding	25,979,126	28,310,389
Less: Average unallocated ESOP shares	2,053,402	2,144,548
Average number of common shares outstanding used to calculate basic earnings per common share	23,925,724	26,165,841
Common stock equivalents	—	105,023
Average number of common shares outstanding used to calculate diluted earnings per common share	23,925,724	26,270,864
Earnings per common share		
Basic	$ (0.31)	$ 0.09
Diluted	$ (0.31)	$ 0.09

Excluded from the earnings per share calculation are anti-dilutive equity awards for the year years ended December 31, 2022 December 31, 2023 and 2022 totaling 159,000. There were no securities or other contracts that had a dilutive effect during 1,406,993 and 159,000, respectively. Due to the Company's net loss for the year ended December 31, 2021. December 31, 2023, the assumed vesting of outstanding restricted stock units had an antidilutive effect on diluted earnings per share.

NOTE 17 19 – REGULATORY CAPITAL REQUIREMENTS

Banks and bank holding companies are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines, and additionally for the Bank, prompt corrective action regulations, involve quantitative measures of assets, liabilities, and certain off balance sheet items calculated under regulatory accounting practices. Banking regulations require maintaining certain capital levels and may limit the dividends paid by the Bank to the Company. The Bank has not paid dividends to the Company in the past. Capital amounts and classifications are also subject to qualitative judgements by regulators. Failure to meet capital requirements can initiate regulatory action. The net unrealized gain or loss on available for sale available-for-sale securities is not included in computing regulatory capital. As of December 31, 2022 December 31, 2023, the Bank meets all capital adequacy requirements to which they are subject.

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. At year-end December 31, 2023 and 2022, and 2021, the most recent regulatory notifications categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the institution's category.

The following table presents the regulatory capital, assets and risk based capital (common equity Tier 1, Tier 1 and Total capital) ratios for the Bank at December 31, 2022 December 31, 2023 and 2021 (in thousands, other than ratios): 2022:

	Bank Actual		Minimum Capital Adequacy		Minimum Capital Adequacy With Capital Buffer		For Classification as Well Capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2022								
Common equity tier 1	$ 298,132	20.85 %	$ 64,348	4.50 %	$ 100,097	7.00 %	$ 92,947	6.50 %
Tier 1 capital	298,132	20.85 %	85,797	6.00 %	121,546	8.50 %	114,396	8.00 %
Total capital	313,221	21.90 %	114,396	8.00 %	150,145	10.50 %	142,995	10.00 %
Tier 1 (leverage) capital	298,132	14.61 %	81,611	4.00 %	N/A	N/A	102,013	5.00 %
December 31, 2021								
Common equity tier 1	$ 293,349	25.74 %	$ 51,292	4.50 %	$ 79,787	7.00 %	$ 74,088	6.50 %
Tier 1 capital	293,349	25.74 %	68,389	6.00 %	96,885	8.50 %	91,186	8.00 %
Total capital	307,624	26.99 %	91,186	8.00 %	119,681	10.50 %	113,982	10.00 %
Tier 1 (leverage) capital	293,349	15.00 %	78,201	4.00 %	N/A	N/A	97,752	5.00 %

	Bank Actual		Minimum Capital Adequacy		Minimum Capital Adequacy With Capital Buffer		For Classification as Well Capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
				(Dollars in thousands)				
December 31, 2023								

Common equity tier 1	$	296,238	20.13 %	$	66,219	4.50 %	$	103,008	7.00 %	$	95,650	6.50 %
Tier 1 capital		296,238	20.13 %		88,292	6.00 %		125,081	8.50 %		117,723	8.00 %
Total capital		310,853	21.12 %		117,723	8.00 %		154,512	10.50 %		147,154	10.00 %
Tier 1 (leverage) capital		296,238	14.31 %		82,798	4.00 %		N/A	N/A		103,497	5.00 %
December 31, 2022												
Common equity tier 1	$	298,132	20.85 %	$	64,348	4.50 %	$	100,097	7.00 %	$	92,947	6.50 %
Tier 1 capital		298,132	20.85 %		85,797	6.00 %		121,546	8.50 %		114,396	8.00 %
Total capital		313,221	21.90 %		114,396	8.00 %		150,145	10.50 %		142,995	10.00 %
Tier 1 (leverage) capital		298,132	14.61 %		81,611	4.00 %		N/A	N/A		102,013	5.00 %

NOTE 18 20 - CONDENSED FINANCIAL STATEMENTS OF PARENT COMPANY

The condensed financial statements of Blue Foundry Bancorp (parent company only) are presented below:

Condensed Statements of Financial Condition

	At December 31,	
	2022	2021
	(In thousands)	
Assets:		
Cash and cash equivalents	$ 98,494	$ 114,331
Investment in banking subsidiary	274,211	293,414
ESOP loan receivable	21,222	21,837
Other investments	157	—
Other assets	1,101	245
Total Assets	$ 395,185	$ 429,827
Liabilities and Stockholders' Equity:		
Total liabilities	$ 1,467	$ 356
Total stockholders' equity	393,718	429,471
Total Liabilities and Stockholders' Equity	$ 395,185	$ 429,827

Condensed Statements of Comprehensive Loss

	Year Ended December 31,	
	2022	2021
	(In thousands)	
Income:		
Interest on ESOP loan receivable	$ 710	$ 343
Other income	19	23
Total income	729	366
Expenses:		
Contribution to Blue Foundry Charitable Foundation	—	9,000
Other expenses	2,384	719
Total expenses	2,384	9,719
Loss before income tax benefit	(1,655)	(9,353)
Income tax benefit	(41)	(59)
Loss before undistributed earnings of subsidiary	(1,614)	(9,294)
Equity in undistributed earnings of banking subsidiary	4,010	(27,048)
Net income (loss)	$ 2,396	$ (36,342)
Comprehensive income (loss):		
Net income (loss)	$ 2,396	$ (36,342)

Other comprehensive (loss) income	(24,347)	659
Comprehensive loss	$ (21,951)	$ (35,683)

Condensed Statements of Financial Condition

	December 31, 2023	December 31, 2022
	(In thousands)	
Assets:		
Cash and cash equivalents	$ 61,358	$ 98,494
Investment in banking subsidiary	273,915	274,211
ESOP loan receivable	20,588	21,222
Other investments	109	157
Other assets	476	1,101
Total Assets	$ 356,446	$ 395,185
Liabilities and Stockholders' Equity:		
Total liabilities	$ 806	$ 1,467
Total stockholders' equity	355,640	393,718
Total Liabilities and Stockholders' Equity	$ 356,446	$ 395,185

Condensed Statements of Cash Flows

	Twelve Months Ended December 31,	
	2022	2021
	(In thousands)	
Cash flows from operating activities:		
Net income (loss)	$ 2,396	$ (36,342)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Equity in undistributed earnings of subsidiary	(4,010)	27,048
Issuance of common shares donated to Blue Foundry Charitable Foundation	—	7,500
ESOP and stock-based compensation expense	682	361
Increase in other assets	(863)	(82)
Increase in other liabilities	842	237
Net cash used by operating activities	(953)	(1,278)
Cash flows from investing activities:		
Capital contribution to banking subsidiary	—	(136,481)
Purchase of other investments	(150)	—
Loan to ESOP	—	(22,818)
Repayment of ESOP loan	615	981
Net cash provided by (used in) investing activities	465	(158,318)
Cash flows from financing activities:		
Purchase of treasury stock	(15,349)	—
Proceeds from issuance of common shares		273,598

Net cash (used in) provided by financing activities	(15,349)	273,598
Net (decrease) increase in cash and cash equivalents	(15,837)	114,002
Cash and cash equivalents at beginning of year	114,331	329
Cash and cash equivalents at end of year	$ 98,494	$ 114,331

Condensed Statements of Comprehensive Loss

	Year Ended December 31,	
	2023	2022
	(In thousands)	
Income:		
Interest on ESOP loan receivable	$ 690	$ 710
Other income	23	19
Total income	713	729
Expenses:		
Other expenses	3,650	2,384
Total expenses	3,650	2,384
Loss before income tax benefit	(2,937)	(1,655)
Income tax benefit	(183)	(41)
Loss before undistributed earnings of subsidiary	(2,754)	(1,614)
Equity in undistributed earnings of banking subsidiary	(4,643)	4,010
Net (loss) income	$ (7,397)	$ 2,396
Comprehensive loss:		
Net (loss) income	$ $ (7,397)	$ 2,396
Other comprehensive income (loss)	1,839	(24,347)
Comprehensive loss	$ $ (5,558)	$ (21,951)

Condensed Statements of Cash Flows

	Twelve Months Ended December 31,	
	2023	2022
	(In thousands)	
Cash flows from operating activities:		
Net (loss) income	$ $ (7,397)	2,396
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Equity in undistributed earnings of subsidiary	4,643	(4,010)
ESOP and stock-based compensation expense	1,241	682
Decrease (increase) in other assets	696	(863)
(Decrease) increase in other liabilities	(918)	842
Net cash used by operating activities	(1,735)	(953)

Cash flows from investing activities:		
Purchase of other investments	(30)	(150)
Repayment of ESOP loan	635	615
Net cash provided by investing activities	605	465
Cash flows from financing activities:		
Purchase of treasury stock	(36,006)	(15,349)
Net cash used in financing activities	(36,006)	(15,349)
Net decrease in cash and cash equivalents	(37,136)	(15,837)
Cash and cash equivalents at beginning of year	98,494	114,331
Cash and cash equivalents at end of year	$ $ 61,358	98,494

NOTE 19 21 - SUBSEQUENT EVENTS

As defined in FASB ASC 855, “Subsequent Events”, subsequent events are events or transactions that occur after the balance sheet date but before financial statements are issued or available to be issued. Financial statements are considered issued when they are widely distributed to stockholders and other financial statement users for general use and reliance in a form and format that complies with U.S. GAAP.

Stock Repurchase Program

On July 20, 2022 February 21, 2024, the Company adopted a its fourth program to repurchase up to 2,852,250 1,203,545 shares, or 10% 5%, of its outstanding common stock. As of March 28, 2023 March 22, 2024, 2,037,579 5,511,563 shares totaling $23.7 million $56.5 million had been acquired under the all repurchase plan plans at an average price per share of $11.61. $10.26.

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

None.

None.

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ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Principal Executive Officer and Principal Financial Officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based upon that evaluation, the Principal Executive Officer and Principal Financial Officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective.

(b) Management’s Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining effective internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our Principal Executive Officer and Principal Financial Officer, we evaluated the effectiveness of our internal control over financial reporting based on criteria established in "Internal Control — Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management, including our Principal Executive Officer and Principal Financial Officer, concluded that our internal control over financial reporting was effective and met the criteria of the "Internal Control — Integrated Framework (2013)" as of December 31, 2022 December 31, 2023.

(c) Attestation Report of the Registered Public Accounting Firm

Not applicable because the Company is an emerging growth company.

(d) Changes in Internal Controls

There were no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2022 December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

During the fourth quarter of 2023, none of our directors or officers adopted or terminated any contract, instruction or written plan for the purchase or sale of the Corporation's securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement," as that term is used in SEC regulations.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTION THAT PREVENT INSPECTIONS

Not applicable.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item is incorporated herein by reference to the Proxy Statement for the Company's 2024 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days of the Company's fiscal year end.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated herein by reference to the Proxy Statement for the Company's 2024 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days of the Company's fiscal year end.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNER AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is incorporated herein by reference to the Proxy Statement for the Company's 2023 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days of the Company's fiscal year end.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated herein by reference to the Proxy Statement for the Company's 2023 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days of the Company's fiscal year end.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNER AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is incorporated herein by reference to the Proxy Statement for the Company's 2023 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days of the Company's fiscal year end.

Securities Authorized for Issuance Under Equity Compensation Plans

Set forth below is information as of December 31, 2022 December 31, 2023 regarding equity compensation plans categorized by those plans that have been approved by the Company's stockholders. There are no plans that have not been approved by the Company's stockholders.

Plan	Plan	Number of Securities to be Issued Upon Exercise of Outstanding Options and rights (1)	Weighted Average Exercise Price (2)	Number of Securities Remaining Available for Issuance Under Plan (3)	Plan	Number of Securities to be Issued Upon Exercise of Outstanding Options and rights (1)	Weighted Average Exercise Price (2)	Number of Securities Remaining Available for Issuance Under Plan (3)
2022 Equity Incentive Plan	2022 Equity Incentive Plan	2,591,063	$ 11.65	1,102,606				
Total	Total	2,591,063	$ 11.65	1,102,606				

(1) Consists of outstanding stock options to purchase 2,591,063 2,475,363 shares of common stock granted under the Company's stock-based compensation plans.
(2) Represents the weighted average exercise price of stock options granted in 2022.
(3) Represents the number of available shares that may be granted as stock options and other stock awards under the Company's stock-based compensation plans.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated herein by reference to the Proxy Statement for the Company's 2023 2024 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days of the Company's fiscal year end.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Our independent registered public accounting firm is KPMG LLP, Short Hills, New Jersey, Auditor Firm ID: 185.

The information required by this item is incorporated herein by reference to the Proxy Statement for the Company's 2023 2024 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days of the Company's fiscal year end.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

The following exhibits are either filed as part of this report or are incorporated herein by reference:

(a)(1) Financial Statements

The following financial statements are included under Part II, Item 8 of this report:

1. Report of Independent Registered Public Accounting Firm.
2. Consolidated Statements of Financial Condition as of December 31, 2022 December 31, 2023 and 2021. 2022.
3. Consolidated Statements of Operations for the Fiscal Years Ended December 31, 2022 December 31, 2023 and 2021. 2022.
4. Consolidated Statements of Comprehensive Loss for the Fiscal Years ended December 31, 2022 December 31, 2023 and 2021. 2022.
5. Consolidated Statements of Changes in Shareholders' Equity for the Fiscal Years Ended December 31, 2022 December 31, 2023 and 2021. 2022.
6. Consolidated Statements of Cash Flows for the Fiscal Years Ended December 31, 2022 December 31, 2023 and 2021. 2022.
7. Notes to Consolidated Financial Statements.

(a)(2) Financial Statement Schedules

No financial statement schedules are filed because the required information is not applicable or is included in the consolidated financial statements or related notes.

(a)(3) Exhibits

3.1	Amended and Restated Certificate of Incorporation of Blue Foundry Bancorp (Incorporated by reference to the Registrant's Registration Statement on Form S-1 (File No. 333-254079)
3.2	Bylaws of Blue Foundry Bancorp (Incorporated by reference to the Registrant's Registration Statement on Form S-1 (File No. 333-254079)
4	Form of Common Stock Certificate of Blue Foundry Bancorp (Incorporated by reference to the Registrant's Registration Statement on Form S-1 (File No. 333-254079)
4.2	Description of Blue Foundry Bancorp's Securities(Incorporated by reference to the Registrant's Annual Report om on Form 10-K dated December 31, 2021 (File No. 001-40619)
10.1	Employment agreement between Blue Foundry Bank and James Nesci(Incorporated by reference to the Registrant's Annual Report on Form 10-K dated December 31, 2022 (File No. 001-40619)
10.2	Blue Foundry Bank Executive Deferred Compensation Agreement for James Nesci(Incorporated by reference to the Registrant's Annual Report on Form 10-K dated December 31, 2022 (File No. 001-40619)
10.3	Change in Control Agreement between Blue Foundry Bank and Kelly Anne Pecoraro
10.4	Change in Control Agreement between Blue Foundry Bank and Elizabeth Miller (Incorporated by reference to the Registrant's Annual Report on Form 10-K dated December 31, 2022 (File No. 001-40619)
10.5 10.4	Change in Control Agreement between Blue Foundry Bank and Jason Goldberg(Incorporated by reference to the Registrant's Annual Report on Form 10-K dated December 31, 2022 (File No. 001-40619)
10 10..6 5	Blue Foundry Bank Restated Director Retirement Plan for Kenneth Grimblas Grimbilas(Incorporated by reference to the Registrant's Annual Report on Form 10-K dated December 31, 2022 (File No. 001-40619)
10 10..7 6	Amendment to the Blue Foundry Bank Restated Director Retirement Plan for Kenneth Grimblas Grimbilas(Incorporated by reference to the Registrant's Annual Report on Form 10-K dated December 31, 2022 (File No. 001-40619)
10.8 7	Blue Foundry Bank Restated Director Retirement Plan for J. Christopher Ely (Incorporated by reference to the Registrant's Annual Report on Form 10-K dated December 31, 2022 (File No. 001-40619)
10.9 8	Amendment to the Blue Foundry Bank Restated Director Retirement Plan for J. Christopher Ely(Incorporated by reference to the Registrant's Annual Report on Form 10-K dated December 31, 2022 (File No. 001-40619)
10.10 9	Blue Foundry Bank Director Retirement Plan II (Incorporated by reference to the Registrant's Annual Report on Form 10-K dated December 31, 2022 (File No. 001-40619)

10. 10.1110	Amendment to the Blue Foundry Bank Director Retirement Plan II(Incorporated by reference to the Registrant's Annual Report on Form 10-K dated December 31, 2022 (File No. 001-40619)
10. 10.1121	Blue Foundry Bancorp 2022 Equity Incentive Plan (Incorporated by reference to Appendix A to the Proxy Statement for the 2022 Annual Meeting of Stockholders (File No. 001-40619))
21	Subsidiaries of Blue Foundry Bancorp (Incorporated by reference to the Registrant's Registration Statement on Form S-1 (File No. 333-254079)
23.1	Consent of KPMG LLP (Independent Registered Public Accounting Firm)
23.2	Consent of Crowe LLP (Independent Registered Public Accounting Firm)
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
97	Clawback Policy
101	The following materials from the Company's Form 10-K for the year ended December 31, 2022 December 31, 2023, formatted in Inline XBRL (Extensible Business Reporting Language): (i) the Consolidated Statements of Operations, (ii) the Consolidated Statements of Financial Condition; (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Shareholder's Equity, (v) the Consolidated Statements of Cash Flows and (vi) the Notes to Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

ITEM 16. FORM 10-K SUMMARY

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

BLUE FOUNDRY BANCORP

Dated:	March 30, 2023 27, 2024	By:	/s/ James D. Nesci
			James D. Nesci
			Chief Executive Officer
			(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated

By:	/s/ James D. Nesci	By:	/s/ Kelly Pecoraro
	James D. Nesci		Kelly Pecoraro
	Chief Executive Officer		Chief Financial Officer
	(Principal Executive Officer)		(Principal Financial Officer)
Dated:	March 27, 2024	Dated:	March 27, 2024
By:	/s/ Patrick H. Kinzler	By:	/s/ J. Christopher Ely
	Director		Director
Dated:	March 27, 2024	Dated:	March 27, 2024
By:	/s/ Robert T. Goldstein	By:	/s/ Kenneth Grimbilas
	Director		Director
Dated:	March 27, 2024	Dated:	March 27, 2024
By:	/s/ Jonathan M. Shaw	By:	/s/ Margaret Letsche
	Director		Director
Dated:	March 27, 2024	Dated:	March 27, 2024
By:	/s/ Mirella Lang	By:	/s/ Elizabeth Varki Jobes, Esq.
	Director		Director
Dated:	March 27, 2024	Dated:	March 27, 2024

Exhibit 3.1

BLUE FOUNDRY BANCORP

AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION

FIRST: The name of the Corporation is Blue Foundry Bancorp (hereinafter referred to as the “Corporation”).

SECOND: The address of the registered office of the Corporation in the State of Delaware is 251 Little Falls Drive, in the City of Wilmington, County of New Castle. The name of the registered agent at that address is Corporation Service Company.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of Delaware.

FOURTH:

A. The total number of shares of all classes of stock which the Corporation shall have authority to issue is Eighty Million (80,000,000) consisting of:

1. Seventy million (70,000,000) shares of Common Stock, par value one cent ($0.01) per share (the “Common Stock”); and
2. Ten Million (10,000,000) shares of Preferred Stock, par value one cent ($0.01) per share (the “Preferred Stock”).

B. The Board of Directors is authorized, subject to any limitations prescribed by law, to provide for the issuance of the shares of Preferred Stock in series, and by filing a certificate pursuant to the applicable law of the State of Delaware (such certificate being hereinafter referred to as a “Preferred Stock Designation”), to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences, and rights of the shares of each such series and any qualifications, limitations or restrictions thereof. The number of authorized shares of

Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the Common Stock, without a vote of the holders of the Preferred Stock, or of any series thereof, unless a vote of any such holders is required pursuant to the terms of any Preferred Stock Designation.

C. 1. Notwithstanding any other provision of this Certificate of Incorporation, in no event shall any record owner of any outstanding Common Stock which is beneficially owned, directly or indirectly, by a person who, as of any record date for the determination of stockholders entitled to vote on any matter, beneficially owns in excess of 10% of the then-outstanding shares of Common Stock (the "Limit"), be entitled to vote, or permitted to cast any vote in respect of the shares held in excess of the Limit, except that such restriction and all restrictions set forth in this subsection "C" shall not apply to any tax qualified employee stock benefit plan established by the Corporation, which shall be able to vote in respect to shares held in excess of the Limit. The number of votes which may be cast by any record owner by virtue of the provisions hereof in respect of Common Stock beneficially owned by such person owning shares in excess of the Limit shall be a number equal to the total number of votes which a single record owner of all Common Stock owned by such person would be entitled to cast, multiplied by a fraction, the numerator of which is the number of shares of such class or series which are both beneficially owned by such person and owned of record by such record owner and the denominator of which is the total number of shares of Common Stock beneficially owned by such person owning shares in excess of the Limit.

2. The following definitions shall apply to this Section C of this Article FOURTH:

(a) "Affiliate" shall have the meaning ascribed to it in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on the date of filing of this Certificate of Incorporation.

(b) "Beneficial ownership" shall be determined pursuant to Rule 13d-3 of the General Rules and Regulations under the Securities Exchange Act of 1934 (or any successor rule or statutory provision), or, if said Rule 13d-3 shall be rescinded and there shall be no successor rule or statutory provision thereto, pursuant to said Rule 13d-3 as in effect on the date of filing of this Certificate of Incorporation; provided, however, that a person shall, in any event, also be deemed the "beneficial owner" of any Common Stock:

(1) which such person or any of its affiliates beneficially owns, directly or indirectly; or

(2) which such person or any of its affiliates has (i) the right to acquire (whether such right is exercisable immediately or only after the passage of time), pursuant to any agreement, arrangement or understanding (but shall not be deemed to be the beneficial owner of any voting shares solely by reason of an agreement, contract, or other arrangement with this Corporation to effect any transaction which is described in any one or more of clauses of Article EIGHTH) or upon the exercise of conversion rights, exchange rights, warrants, options or otherwise, or (ii) sole or shared voting or investment power with respect thereto pursuant to any agreement, arrangement, understanding, relationship or otherwise (but shall not be deemed to be the beneficial owner of any voting shares solely by reason of a revocable proxy granted for a particular meeting of stockholders, pursuant to a public solicitation of proxies for such meeting, with respect to shares of which neither such person nor any such affiliate is otherwise deemed the beneficial owner); or

(3) which are beneficially owned, directly or indirectly, by any other person with which such first mentioned person or any of its affiliates acts as a partnership, limited partnership, syndicate or other group pursuant to any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares of capital stock of this Corporation;

and provided further, however, that (1) no Director or Officer of this Corporation (or any affiliate of any such Director or Officer) shall, solely by reason of any or all of such Directors or Officers acting in their capacities as such, be deemed, for any purposes hereof, to beneficially own any Common Stock beneficially owned by another such Director or Officer (or any affiliate thereof), and (2) neither any employee stock ownership plan or similar plan of this Corporation or any subsidiary of this Corporation, nor any trustee with respect thereto or any affiliate of such trustee (solely by reason of such capacity as trustee), shall be deemed, for any purposes hereof, to beneficially own any Common Stock held under any such plan. For purposes of computing the percentage beneficial ownership of Common Stock of a person, the outstanding Common Stock shall include shares deemed owned by such person through application of this subsection but shall not include any other Common Stock which may be issuable by this Corporation pursuant to any agreement, or upon exercise of conversion rights, warrants, options, or otherwise. For all other purposes, the outstanding Common Stock shall include only Common Stock then outstanding and shall not include any Common Stock which may be issuable by this Corporation pursuant to any agreement, or upon the exercise of conversion rights, warrants, options, or otherwise.

(c) A “person” shall include an individual, firm, a group acting in concert, a corporation, a partnership, an association, a joint venture, a pool, a joint stock company, a trust, an unincorporated organization or similar company, a syndicate or any other group formed for the purpose of acquiring, holding or disposing of securities or any other entity.

3. The Board of Directors shall have the power to construe and apply the provisions of this section and to make all determinations necessary or desirable to implement such provisions, including but not limited to matters with respect to (i) the number of shares of Common Stock beneficially owned by any person, (ii) whether a person is an affiliate of another, (iii) whether a person has an agreement, arrangement, or understanding with another as to the matters referred to in the definition of beneficial ownership, (iv) the application of any other definition or operative provision of the section to the given facts, or (v) any other matter relating to the applicability or effect of this section.

4. The Board of Directors shall have the right to demand that any person who is reasonably believed to beneficially own Common Stock in excess of the Limit (or holds of record Common Stock beneficially owned by any person in excess of the Limit) supply the Corporation with complete information as to (i) the record owner(s) of all shares beneficially owned by such person who is reasonably believed to own shares in excess of the Limit, (ii) any other factual matter relating to the applicability or effect of this section as may reasonably be requested of such person.

5. Any constructions, applications, or determinations made by the Board of Directors pursuant to this section in good faith and on the basis of such information and

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assistance as was then reasonably available for such purpose shall be conclusive and binding upon the Corporation and its stockholders.

6. In the event any provision (or portion thereof) of this section shall be found to be invalid, prohibited or unenforceable for any reason, the remaining provisions (or portions thereof) of this section shall remain in full force and effect, and shall be construed as if such invalid, prohibited or unenforceable provision had been stricken herefrom or otherwise rendered inapplicable, it being the intent of this Corporation and its stockholders that such remaining provision (or portion thereof) of this section remain, to the fullest extent permitted by law, applicable and enforceable as to all stockholders, including stockholders owning an amount of stock in excess of the Limit, notwithstanding any such finding.

D. Except as otherwise provided by law or expressly provided in this section, the presence, in person or by proxy, of the holders of record of shares of capital stock of the Corporation entitling the holders thereof to cast a majority of the votes (after giving effect, if required, to the provisions of this section) entitled to be cast by the holders of shares of capital stock of the Corporation entitled to vote shall constitute a quorum at all meetings of the stockholders, and every reference in this Certificate of Incorporation to a proportion of capital stock (or the holders thereof) for purposes of determining any quorum requirement or any requirement for stockholder consent or approval shall be deemed to refer to such proportion of the votes (or the holders thereof) then entitled to be cast in respect of such capital stock, after giving effect to the provisions of this section.

E. Subject to the provisions of law and the rights of the holders of the Preferred Stock and any other class or series of stock having a preference as to dividends over the Common Stock then outstanding, dividends may be paid on the Common Stock at such times and in such amounts as the Board of Directors may determine. Upon the dissolution, liquidation or winding up of the Corporation, the holders of the Common Stock shall be entitled to receive all the remaining assets of the Corporation available for distribution to its stockholders ratably in proportion to the number of shares held by them, respectively, after: (i) payment or provision for payment of the Corporation's debts and liabilities; (ii) distributions or provision for distributions in settlement of the Liquidation Account established by the Corporation, as described in F below; and (iii) distributions or provisions for distributions to holders of any class or series of stock having a preference over the Common Stock in the liquidation, dissolution or winding up of the Corporation.

F. The Corporation shall establish and maintain a liquidation account (the “Liquidation Account”) for the benefit of certain Eligible Account Holders and Supplemental Eligible Account Holders as defined in the Plan of Conversion of Blue Foundry, MHC (as may be amended from time to time, the “Plan of Conversion”). In the event of a complete liquidation involving (i) the Corporation or (ii) Blue Foundry Bank, a New Jersey chartered savings bank that will be a wholly-owned subsidiary of the Corporation, the Corporation must comply with the regulations of the Board of Governors of the Federal Reserve System and the provisions of the Plan of Conversion with respect to the amount and priorities of each Eligible Account Holder’s and Supplemental Eligible Account Holder’s interests in the Liquidation Account. The interest

of an Eligible Account Holder or Supplemental Eligible Account Holder in the Liquidation Account does not entitle such account holders to voting rights.

FIFTH: The following provisions are inserted for the management of the business and the conduct of the affairs of the Corporation, and for further definition, limitation and regulation of the powers of the Corporation and of its Directors and stockholders:

A. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. In addition to the powers and authority expressly conferred upon them by statute or by this Certificate of Incorporation or the Bylaws of the Corporation, the Directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation.

B. The Directors of the Corporation need not be elected by written ballot unless the Bylaws so provide. Stockholders may not cumulate their votes for election of directors.

C. Subject to the rights of any class or series of Preferred Stock of the Corporation, any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may be effected by the unanimous consent in writing by such stockholders.

D. Special meetings of stockholders of the Corporation may be called only by the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized directorships (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board for adoption) (the “Whole Board”).

SIXTH:

A. The number of Directors shall be fixed from time to time exclusively by the Board of Directors pursuant to a resolution adopted by a majority of the Whole Board. At the annual meeting of stockholders that is held in calendar 2024, the successors of the directors whose terms expire at that meeting shall be elected for a term expiring at the annual meeting of stockholders that is to be held in calendar year 2027 and until such directors’ successors shall have been elected and qualified. At the annual meeting of stockholders that is held in calendar 2025, the successors of the directors whose terms expire at that meeting shall be elected for a term expiring at the annual meeting of stockholders that is to be held in calendar year 2027 and until such directors’ successors shall have been elected and qualified. At the annual meeting of stockholders that is held in calendar 2026, the successors of the directors whose terms expire at that meeting shall be elected for a term expiring at the annual meeting of stockholders that is held in calendar year 2027 and until such directors’ successors shall have been elected and qualified. At each annual meeting of stockholders thereafter, all directors shall be elected for terms expiring at the next annual meeting of stockholders and until such directors’ successors shall have been elected and qualified. Directors shall be elected by a plurality of the shares present in person or represented by proxy and entitled to vote in the elections of directors (unless otherwise required by law, regulation, the bylaws or by the listing standards of any stock exchange on which the Common Stock is then traded).

B. Subject to the rights of the holders of any series of Preferred Stock then outstanding, newly created directorships resulting from any increase in the authorized number of Directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause may be filled only by a majority vote of the Directors then in office, though less than a quorum, and Directors so chosen shall hold office for a term expiring at the annual meeting of stockholders at which the term of office of the class to which they have been chosen expires. No decrease in the number of Directors constituting the Board of Directors shall shorten the term of any incumbent Director.

C. Advance notice of stockholder nominations for the election of Directors and of business to be brought by stockholders before any meeting of the stockholders of the Corporation shall be given in the manner provided in the Bylaws of the Corporation.

D. Subject to the rights of the holders of any series of Preferred Stock then outstanding, any Director, or the entire Board of Directors, may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of at least 80% of the voting power of all of the then-outstanding shares of capital stock of the Corporation entitled to vote generally in the election of Directors (after giving effect to the provisions of Article FOURTH of this Certificate of Incorporation ("Article FOURTH")), voting together as a single class.

SEVENTH: The Board of Directors is expressly empowered to adopt, amend or repeal the Bylaws of the Corporation. Any adoption, amendment or repeal of the Bylaws of the Corporation by the Board of Directors shall require the approval of a majority of the Whole Board. The stockholders shall also have power to adopt, amend or repeal the Bylaws of the Corporation in the manner prescribed by the laws of the State of Delaware by a majority vote of the voting power of all of the then-outstanding shares of capital stock of the Corporation entitled to vote generally in the election of Directors (after giving effect to the provisions of Article FOURTH).

EIGHTH: The Board of Directors of the Corporation, when evaluating any offer of another Person (as defined in Article FOURTH hereof) to (A) make a tender or exchange offer for any equity security of the Corporation, (B) merge or consolidate the Corporation with another corporation or entity or (C) purchase or otherwise acquire all or substantially all of the properties and assets of the Corporation, may, in connection with the exercise of its judgment in determining what is in the best interest of the Corporation and its stockholders, give due consideration to all relevant factors, including, without limitation, the social and economic effect of acceptance of such offer on: the Corporation's present and future customers and employees and those of its subsidiaries; the communities in which the Corporation and its Subsidiaries operate or are located; the ability of the Corporation to fulfill its corporate objectives as a bank holding company; and the ability of its subsidiary bank to fulfill the objectives under applicable statutes and regulations.

NINTH:

A. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a Director or an Officer of the Corporation or is or was serving at the request of the Corporation as a

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Director, Officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a Director, Officer, employee or agent or in any other capacity while serving as a Director, Officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith; provided, however, that, except as provided in Section C hereof with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation.

B. The right to indemnification conferred in Section A of this Article NINTH shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition (hereinafter an "advancement of expenses"); provided, however, that, if the Delaware General Corporation Law requires an advancement of expenses incurred by an indemnitee in his or her capacity as a Director of Officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan), indemnification shall be made only upon delivery to the Corporation of an undertaking (hereinafter an “undertaking”), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a “final adjudication”) that such indemnitee is not entitled to be indemnified for such expenses under this Section or otherwise. The rights to indemnification and to the advancement of expenses conferred in Sections A and B of this Article NINTH shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a Director, Officer, employee or agent and shall inure to the benefit of the indemnitee’s heirs, executors and administrators.

C. If a claim under Section A or B of this Article NINTH is not paid in full by the Corporation within sixty days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty days, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee also shall be entitled to be paid the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) in any suit by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the Delaware General Corporation Law. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article NINTH or otherwise shall be on the Corporation.

D. The rights to indemnification and to the advancement of expenses conferred in this Article NINTH shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Corporation’s Certificate of Incorporation, Bylaws, agreement, vote of stockholders or disinterested Directors, or otherwise.

E. The Corporation may maintain insurance, at its expense, to protect itself and any Director, Officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

F. The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation to the fullest extent of the provisions of this Article NINTH with respect to the indemnification and advancement of expenses of Directors and Officers of the Corporation.

TENTH: A Director of this Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a Director, except for liability (i) for any breach of the Director’s duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the Director derived an improper personal benefit. If the Delaware General Corporation Law is amended to authorize corporate action further eliminating or limiting the personal liability of Directors, then the liability of a Director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

Any repeal or modification of the foregoing paragraph by the stockholders of the Corporation shall not adversely affect any right or protection of a Director of the Corporation existing at the time of such repeal or modification.

ELEVENTH:

A. Unless the Corporation consents in writing to the selection of an alternative forum, the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of

the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, or (iv) any action asserting a claim governed by the internal affairs doctrine, shall be a state or federal court located within the state of Delaware, in all cases subject to the court's having personal jurisdiction over the indispensable parties named as defendants. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article ELEVENTH.

B. Unless the Corporation consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article ELEVENTH.

TWELFTH: The Corporation reserves the right to amend or repeal any provision contained in this Certificate of Incorporation in the manner prescribed by the laws of the State of Delaware and all rights conferred upon stockholders are granted subject to this reservation.

THIRTEENTH: The name and mailing address of the sole incorporator is as follows:

NameMailing Address

John J. Gorman 5335 Wisconsin Avenue, N.W.
Suite 780
Washington, D.C. 20015

Exhibit 21

Subsidiaries of the Registrant

By: /s/ James D. NesciName By: /s/ Kelly Pecoraro

James D. NesciPercent Ownership Kelly Pecoraro

Chief Executive Officer Chief Financial Officer

(Principal Executive Officer) (Principal Financial Officer)

Dated: March 30, 2023 Dated: March 30, 2023 State of Incorporation/Organization

By: /s/ Patrick H. KinzlerBlue Foundry Bank By:100% /s/ J. Christopher Ely New Jersey

DirectorBlue Foundry Investment Company* 100% Director New Jersey

Dated: March 30, 2023 Blue Foundry, LLC* Dated:100% March 30, 2023 New Jersey

Blue Foundry Service Corporation* 100% New Jersey

By: /s/ Robert T. Goldstein Rutherford Center Development Corp.* By:100% /s/ Kenneth Grimbilas New Jersey

DirectorTrackView LLC* 100% Director New Jersey

Dated: March 30, 2023 116-120 Route 23 North, LLC* Dated: March 30, 2023

100%

By: /s/ Jonathan M. Shaw By: /s/ Margaret Letsche

Director Director

Dated: March 30, 2023 Dated: March 30, 2023

By: /s/ Mirella Lang By: /s/ Elizabeth Varki Jobes, Esq.

Director Director

Dated: March 30, 2023 Dated: March 30, 2023

New Jersey

*Subsidiary of Blue Foundry Bank

Exhibit 10.5

CHANGE IN CONTROL AGREEMENT

This Change in Control Agreement (the "Agreement") is made effective as of the 15th day of March, 2022 (the "Effective Date"), by and between Blue Foundry Bank, a New Jersey-chartered stock savings bank (the "Bank") and Jason Goldberg (the "Executive"). Any reference to the "Company" shall mean Blue Foundry Bancorp, Inc., the holding company of the Bank.

RECITALS

WHEREAS, the Executive is currently employed as an executive officer of the Bank;

WHEREAS, the Bank desires to assure itself of the Executive's continued active participation in the business of the Bank; and

WHEREAS, to induce the Executive to remain in the employ of the Bank and in consideration of the Executive's agreeing to remain in the employ of the Bank, the parties desire to specify the severance benefits due to the Executive in the event his employment with the Bank terminates under specified circumstances.

NOW THEREFORE, in consideration of the mutual agreements herein contained, and upon the other terms and conditions hereinafter provided, the parties hereby agree as follows:

1. TERM OF AGREEMENT

(a) **Term; Renewal of Term**. The term of this Agreement will begin as of the Effective Date and will continue for a period of one year (the "Term"). Commencing on the day following the Effective Date, the Term will extend for one day each day until such time the Board of Directors of the Bank (the "Board of Directors") or the Executive elects not to extend the Term by giving written notice to the other party of non-renewal (the "Non-Renewal Notice"), in which case the Term will become fixed and will end at the end on the one year anniversary of the date of the Non-Renewal Notice.

(b) **Change in Control**. Notwithstanding the foregoing, in the event the Bank or the Company has entered into an agreement to effect a transaction that would be considered a Change in Control, as defined under Section 2, the Term will extended automatically so that it expires no sooner than one (1) year after the effective date of the Change in Control.

2. CERTAIN DEFINITIONS

(a) Base Salary. For purposes of this Agreement, the term "Base Salary" means the annual rate of base salary paid to the Executive by the Bank.

(b) Change in Control. For purposes of this Agreement, the term "Change in Control" means a change in the effective ownership or effective control of the Bank or the Company or a change in the ownership of a substantial portion of the assets of the Bank of the Company, in each case within the meaning of Treasury Regulation section 1.409A-3(i)(5).

(c) Code. "Code" means the Internal Revenue Code of 1986, as amended.

(d) Good Reason. The term "Good Reason" means a termination of employment by the Executive following a Change in Control if, without the Executive's express written consent, any of the following occurs:

(i) a material reduction in the Executive's Base Salary;

(ii) a material reduction in the Executive's authority, duties or responsibilities from the position and attributes associated with the Executive's executive position with the Bank in effect as of the Effective Date or any successor executive position, as mutually agreed to by the Bank and the Executive;

(iii) the Bank requires the Executive to relocate to any office or location resulting in an increase in the Executive's daily commute of thirty (30) miles or more; or

(iv) a material breach of this Agreement by the Bank;

provided, however, that prior to any termination of employment for Good Reason, the Executive must first provide written notice to the Bank (or its successor) within ninety (90) days following the initial existence of the condition, describing the existence of the condition, and the Bank will thereafter have the right to remedy the condition within thirty (30) days of the date the Bank received the written notice from the Executive. If the Bank remedies the condition within the thirty (30) day cure period, then no Good Reason shall be deemed to exist with respect to that condition. If the Bank does not remedy the condition within the thirty (30) day cure period, then the Executive may deliver a Notice of Termination for Good Reason to the Bank at any time within sixty (60) days following the expiration of the cure period.

(e) Termination for Cause and Cause. The terms "Termination for Cause" and "Cause" mean termination of the Executive's employment by the Bank because of, in the good faith determination of the Board of Directors, the Executive's:

(i) material act of dishonesty or fraud in performing the Executive's duties on behalf of the Bank;

(ii) willful misconduct that in the judgment of the Board of Directors will likely cause economic damage to the Bank or injury to the business reputation of the Bank;

(iii) breach of fiduciary duty involving personal profit;

(iv) intentional failure to perform the Executive's stated duties after written notice thereof from the Board of Directors;

(v) willful violation of any law, rule or regulation (other than traffic violations or similar offenses which results only in a fine or other non-custodial penalty) that reflect adversely on the reputation of the Bank, any felony conviction, any violation of law involving moral turpitude, or any violation of a final cease-and-desist order; or any violation of the policies and procedures of the Bank as outlined in the Bank's employee handbook or policies, which would result in the termination of employment of employees of the Bank, as from time to time amended and incorporated herein by reference; or

(vi) material breach of any provision of this Agreement.

3. BENEFITS UPON TERMINATION

If the Bank (or its successor) terminates the Executive's employment subsequent to a Change in Control and during the term of this Agreement other than for Cause, or if the Executive terminates his employment for Good Reason (collectively, a "Qualifying Termination

Event"), then the Bank will pay the Executive, or the Executive's estate in the event of the Executive's subsequent death prior to receiving the payment due, the following:

(i) a cash lump sum payment in an amount equal to one (1) times the sum of the Executive's: (A) Base Salary (or the Executive's Base Salary in effect immediately prior to the Change in Control, if higher); and (B) the highest annual cash bonus earned by the Executive for the three (3) most recently completed annual performance periods prior to the Change Control, payable within 30 days following the Executive's Date of Termination; and

(ii) twelve consecutive monthly cash payments (commencing within the first month following the Executive's Date of Termination and continuing until the 12th month following the Executive's Date of Termination), each equal to the monthly COBRA premium in effect as of the Executive's Date of Termination for the level of coverage in effect for the Executive and the Executive's dependents under the Bank's (or any successor's) group health plan.

3. NOTICE; EFFECTIVE DATE OF TERMINATION

Any purported termination of employment by the Bank or by the Executive in connection with or following a Change in Control shall be communicated by a Notice of Termination to the other party hereto in accordance with Section 15. For purposes of this Agreement, a "Notice of Termination" means a written notice which that indicates the Date of Termination and, in the event of termination by the Executive, the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. The "Date of Termination" means termination of the Executive's employment pursuant to this Agreement, which will be effective on the earliest of: (i) immediately upon notice to the Executive of the Executive's termination of employment for Cause; (ii) within thirty (30) days, as specified by the Bank, after the Bank gives notice to the Executive of the Executive's termination without Cause; or (iii) thirty (30) days after the Executive gives written notice to the Bank of the Executive's resignation from employment for Good Reason, provided that the Bank may set an earlier termination date at any time prior to that date, in which case the Executive's resignation will be effective as of the date set by the Bank.

4. SOURCE OF PAYMENTS

All payments provided in this Agreement shall be timely paid in cash or check from the general funds of the Bank (or any successor of the Bank).

5. NO ATTACHMENT

Except as required by law, no right to receive payments under this Agreement shall be subject to anticipation, commutation, alienation, sale, assignment, encumbrance, charge, pledge, or hypothecation, or to execution, attachment, levy, or similar process or assignment by operation of law, and any attempt, voluntary or involuntary, to effect any such action shall be null, void, and of no effect.

6. ENTIRE AGREEMENT; MODIFICATION AND WAIVER

(a) This Agreement contains the entire understanding between the parties hereto and supersedes any prior agreement between the Bank and the Executive, except that this Agreement shall not affect or operate to reduce any benefit or compensation inuring to the Executive of a kind elsewhere provided. No provision of this Agreement shall be interpreted to mean that the Executive is subject to receiving fewer benefits than those available to the Executive without reference to this Agreement.

(b) This Agreement may not be modified or amended except by an instrument in writing signed by the parties hereto.

(c) No term or condition of this Agreement shall be deemed to have been waived, nor shall there be any estoppel against the enforcement of any provision of this Agreement, except by written instrument of the party charged with the waiver or estoppel. No such written waiver shall be deemed a continuing waiver unless specifically stated therein, and each such waiver shall operate only as to the specific term or condition waived and shall not constitute a waiver of the term or condition for the future or as to any act other than that specifically waived.

7. SEVERABILITY

If any provision of this Agreement is determined to be void or unenforceable, then the remaining provisions of this Agreement will remain in full force and effect.

8. GOVERNING LAW

This Agreement will be governed by the laws of the State of New Jersey but only to the extent not superseded by federal law.

9. ARBITRATION

(a) Any dispute or controversy arising under or in connection with this Agreement will be settled exclusively by binding arbitration, as an alternative to civil litigation and without any trial by jury to resolve such claims, conducted by a single arbitrator, mutually acceptable to the Bank and the Executive, sitting in a location selected by the Bank within 50 miles from the main office of the Bank, in accordance with the rules of the American Arbitration Association's National Rules for the Resolution of Employment Disputes then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction.

(b) If the occurrence of a Qualifying Termination Event is disputed by the Bank, and if it is determined in arbitration that the Executive is entitled to the compensation under Section 3 of this Agreement, the payment of the compensation by the Bank will commence immediately following the date of resolution by arbitration, with interest due to the Executive on the cash amount that was not paid pending arbitration (at the prime rate as published in *The Wall Street Journal* from time to time), and the Executive will be entitled to reimbursement of legal fees and expenses incurred by the Executive in arbitration (upon provision to the Bank of a detailed invoice with respect to such time and expenses).

10. OBLIGATIONS OF BANK

The termination of the Executive's employment, other than a qualifying termination event following a Change in Control, will not result in any obligation of the Bank (or any affiliate of the Bank, including the Company) under this Agreement.

11. SUCCESSORSAND ASSIGNS

The Bank shall require any successor or assignee, whether direct or indirect, by purchase, merger, consolidation or otherwise, to all or substantially all the business or assets of the Bank, expressly and unconditionally to assume and agree to perform the Bank's obligations under this Agreement, in the same manner and to the same extent that the Bank would be required to perform if no such succession or assignment had taken place.

12. TAX WITHHOLDING.

The Bank may withhold from any amounts payable to the Executive hereunder all federal, state, local or other taxes that the Bank may reasonably determine are required to be withheld pursuant to any applicable law or regulation (it being understood that the Executive is responsible for payment of all taxes in respect of the payments and benefits provided herein).

13. APPLICABLE LAW

(a) In no event will the Bank (or any affiliate) be obligated to make any payment pursuant to this Agreement that is prohibited by Section 18(k) of the Federal Deposit Insurance Act (codified at 12 U.S.C. sec. 1828(k)), 12 C.F.R. Part 359, or any other applicable law.

(b) Notwithstanding anything in this Agreement to the contrary, to the extent that a payment or benefit described in this Agreement constitutes "non-qualified deferred compensation" under Section 409A of the Code, and to the extent that the payment or benefit is payable upon the Executive's termination of employment, then the payments or benefits will be payable only upon the Executive's "Separation from Service." For purposes of this Agreement, a "<u>Separation from Service</u>" will have occurred if the Bank and the Executive reasonably anticipate that either no further services will be performed by the Executive after the Date of Termination (whether as an employee or as an independent contractor) or the level of further services performed is less than 50 percent of the average level of bona fide services in the 36 months immediately preceding the termination. For all purposes hereunder, the definition of Separation from Service shall be interpreted consistent with Treasury Regulation Section 1.409A-1(h)(ii).

(c) Notwithstanding the foregoing, if the Executive is a "<u>Specified Employee</u>" (i.e., a "key employee" of a publicly traded company within the meaning of Section 409A of the Code and the regulations issued thereunder) and any payment under this Agreement is triggered due to the Executive's Separation from Service, then solely to the extent necessary to avoid penalties under Section 409A of the Code, no payment shall be made during the first six (6) months following the Executive's Separation from Service. Rather, any payment that would otherwise be paid to the Executive during that six-month period will be accumulated and paid to the Executive in a lump sum on the first day of the seventh month following the Executive's Separation from Service. All subsequent payments shall be paid in the manner specified in this Agreement.

(d) Each payment pursuant to this Agreement is intended to constitute a separate payment for purposes Treasury Regulation Section 1.409A-2(b)(2).

14. NOTICE.

For the purposes of this Agreement, notices and all other communications provided for in this Agreement will be in writing and will be deemed to have been duly given when delivered or mailed by certified or registered mail, return receipt requested, postage prepaid, addressed to the

respective addresses set forth below or if sent by facsimile or email, on the date it is actually received.

To the Bank	Blue Foundry Bank 19 Park Avenue Rutherford, NJ 07070 Attention: Corporate Secretary
To the Executive:	Most recent address on file with the Bank

15. COUNTERPARTS

This Agreement may be executed in two (2) or more counterparts by original signature, facsimile or any generally accepted electronic means (including transmission of a pdf containing executed signature pages), each of which shall be deemed an original, and all of which shall constitute one and the same Agreement.

[Signature Page Follows]

Exhibit 10.5

SIGNATURES

IN WITNESS WHEREOF, the Bank has caused this Agreement to be executed by its duly authorized officer, and the Executive has signed this Agreement, as of the Effective Date specified above.

BLUE FOUNDRY BANK

By: /s/ James D. Nesci
James D. Nesci

EXECUTIVE

/s/ Jason Goldberg
Jason Goldberg

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Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements (Nos. (No. 333-257914 and 333-267149) on Form S-8 of our report dated March 30, 2023 March 27, 2024, with respect to the consolidated financial statements of Blue Foundry Bancorp.

/s/ KPMG LLP

Short Hills, New Jersey
March 30, 2023 27, 2024

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements Nos. 333-267149 and 333-257914 on Form S-8 of Blue Foundry Bancorp of our report dated March 14, 2022, relating to the consolidated financial statements of Blue Foundry Bancorp for the year ended December 31, 2021, appearing in this Annual Report on Form 10-K.

/s/ Crowe LLP

New York, New York
March 30, 2023

Exhibit 31.1

Certification of Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, James D. Nesci, certify that:

1. I have reviewed this Annual Report on Form 10-K of the Registrant:

2. Based on my knowledge, this quarterly annual 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.

(b) (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 the end of the period covered by this report based on such evaluation; and

(c) (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 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.

Dated: March 30, 2023 27, 2024

/s/ James D. Nesci
James D. Nesci
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Certification of Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Kelly Pecoraro, certify that:

1. I have reviewed this Annual Report on Form 10-K of the Registrant:

2. Based on my knowledge, this quarterly annual 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.

(b) (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 the end of the period covered by this report based on such evaluation; and

(c) (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 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.

Dated: March 30, 2023 27, 2024	/s/ Kelly Pecoraro
	Kelly Pecoraro
	Executive Vice President & Chief Financial Officer
	(Principal Financial Officer)

Exhibit 32.1

Certification of Principal Executive Officer and Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

James D. Nesci, Principal Executive Officer of Blue Foundry Bancorp, Inc. (the "Company") and Kelly Pecoraro, Principal Financial Officer of the Company, each certify in their capacity as an officer of the Company that they have reviewed the annual report on Form 10-K for the year ended December 31, 2022 December 31, 2023 (the "Report") and that to the best of their knowledge:

1. the Report fully complies with the requirements of Sections 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.

Dated: March 30, 2023 27, 2024	/s/ James D. Nesci
	James D. Nesci
	Chief Executive Officer
	(Principal Executive Officer)
Dated: March 30, 2023 27, 2024	/s/ Kelly Pecoraro
	Kelly Pecoraro
	Executive Vice President & Chief Financial Officer
	(Principal Financial Officer)

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

Exhibit 97

BLUE FOUNDRY BANCORP

CLAWBACK POLICY

The Board of Directors (the “Board”) of Blue Foundry Bancorp (the “Company”) believes that it is in the best interests of the Company and its shareholders to adopt this Clawback Policy (this “Policy”), which provides for the recovery of Erroneously Awarded Compensation in the event the Company is required to prepare an Accounting Restatement.

The Company has adopted this Policy as a supplement to any other clawback policies or provisions in effect now or in the future at the Company. To the extent this Policy applies to compensation payable to a person covered by this Policy, it shall supersede any other conflicting provision or policy maintained by the Company and shall be the only clawback policy applicable to such compensation and no other clawback policy shall apply; provided that, if such other policy or provision provides that a greater amount of such compensation shall be subject to clawback, such other policy or provision shall apply to the amount in excess of the amount subject to clawback under this Policy.

This Policy shall be interpreted to comply with the clawback rules found in 17 C.F.R. §240.10D-1 promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and the related listing rules of the national securities exchange or national securities association (the “Exchange”) on which the Company has listed securities, and, to the extent this Policy is in any manner deemed inconsistent with such rules, this Policy shall be treated as retroactively amended to be compliant with such rules.

1. Definitions.

(a) “Accounting Restatement” means an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

(b) “Accounting Restatement Date” means the earlier to occur of: (i) the date the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement or (ii) the date a court, regulatory agency, or other legally authorized body directs the Company to prepare an Accounting Restatement.

(c) “Erroneously Awarded Compensation” means, in the event of an Accounting Restatement, the amount of Incentive-Based Compensation previously received that exceeds the amount of Incentive-Based Compensation that otherwise would have been received had it been determined based on the restated amounts in such Accounting Restatement. The amount of Erroneously Awarded Compensation shall be determined on a gross basis without regard to any taxes paid by the relevant Executive Officer; provided, however, that for Incentive-Based Compensation based on the Company’s stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in an Accounting Restatement: (i) the amount of Erroneously Awarded Compensation shall be based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was received and (ii) the

Company must maintain documentation of the determination of such reasonable estimate and provide such documentation to the Stock Exchange.

(d) “Executive Officer” means the Company’s president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. An executive officer of the Company’s parent or subsidiary is deemed an “Executive Officer” if the executive officer performs policy making functions for the Company.

(e) “Financial Reporting Measure” means any measure that is determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measure that is derived wholly or in part from such measure; provided, however, that a Financial Reporting Measure is not required to be presented within the Company’s financial statements or included in a filing with the Securities and Exchange Commission to qualify as a “Financial Reporting Measure.” For purposes of this Policy, “Financial Reporting Measure” includes, but is not limited to, stock price and total shareholder return.

(f) “Incentive-Based Compensation” means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

(g) “Received” means incentive-based compensation received in the Company’s fiscal period during which the financial reporting measure specified in the incentive-based compensation award is attained, even if the payment or grant of the incentive-based compensation occurs after the end of that period.

2. Application of the Policy. This Policy shall only apply in the event that the Company is required to prepare an Accounting Restatement and it shall apply to all Incentive-Based Compensation Received by a person: (a) after beginning service as an Executive Officer; (b) who served as an Executive Officer at any time during the performance period for such Incentive-Based Compensation; (c) while the Company had a class of securities listed on a national securities exchange or a national securities association; and (d) during the three completed fiscal years immediately preceding the Accounting Restatement Date. In addition to such last three completed fiscal years, the immediately preceding clause (d) includes any transition period that results from a change in the Company's fiscal year within or immediately following such three completed fiscal years; provided, however, that a transition period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to twelve months shall be deemed a completed fiscal year.

3. Recovery Period. The Incentive-Based Compensation subject to clawback is the Incentive-Based Compensation Received during the three completed fiscal years immediately preceding an Accounting Restatement Date; provided that the individual served as an Executive Officer at any time during the performance period applicable to the Incentive-Based Compensation in question. Notwithstanding the foregoing, the Policy shall only apply if the Incentive-Based Compensation is Received (1) while the Company has a class of securities listed on an Exchange, and (2) on or after October 2, 2023.

4. Erroneously Awarded Compensation. The amount of Incentive-Based Compensation subject to the Policy ("Erroneously Awarded Compensation") is the amount of Incentive-Based Compensation Received that exceeds the amount of Incentive Based-Compensation that otherwise would have been Received had it been determined based on the restated amounts in the Company's financial statements and shall be computed without regard to any taxes paid. For Incentive-Based

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Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in an Accounting Restatement: (1) the amount shall be based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was received; and (2) the Company must maintain documentation of the determination of that reasonable estimate and provide such documentation to the Exchange. The Board shall determine, in its sole discretion, the timing and method for promptly recouping Erroneously Awarded Compensation hereunder, which may include without limitation (a) seeking reimbursement of all or part of any cash or equity-based award, (b) cancelling prior cash or equity-based awards, whether vested or unvested or paid or unpaid, (c) cancelling or offsetting against any planned future cash or equity-based awards, (d) forfeiture of deferred compensation, subject to compliance with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations promulgated thereunder and (e) any other method authorized by applicable law or contract. Subject to compliance with any applicable law, the Board may affect recovery under this Policy from any amount otherwise payable to the Executive Officer, including amounts payable to such individual under any otherwise applicable Company plan or program, including base salary, bonuses or commissions and compensation previously deferred by the Executive Officer.

5. Recovery Exceptions. The Company shall recover reasonably promptly any Erroneously Awarded Compensation except to the extent that the conditions of paragraphs (a), (b) or (c) below apply. The Compensation Committee of the Board of Directors (the "Committee") shall determine the repayment schedule for each amount of Erroneously Awarded Compensation in a manner that complies with this "reasonably promptly" requirement. Such determination shall be consistent with any applicable legal guidance by the Securities and Exchange Commission, judicial opinion, or otherwise. The determination of "reasonably promptly" may vary from case to case and the Committee is authorized to adopt additional rules to further describe what repayment schedules satisfy this requirement.

(a) Erroneously Awarded Compensation need not be recovered if the direct expense paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered and the Committee has made a determination that recovery would be impracticable. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense of enforcement, the Company shall make a reasonable attempt to recover such Erroneously Awarded Compensation, document such reasonable attempt(s) to recover, and provide that documentation to the Exchange, as required.

(b) If applicable, Erroneously Awarded Compensation need not be recovered if recovery would violate home country law where that law was adopted prior to November 28, 2022. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on violation of home country law, the Company shall obtain an opinion of home country counsel, acceptable to the Exchange, that recovery would result in such a violation and shall provide such opinion to the Exchange.

(c) Erroneously Awarded Compensation need not be recovered if recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of Section 401(a)(13) or Section 411(a) of the Code and regulations thereunder.

6. Committee Decisions. Decisions of the Committee with respect to this Policy shall be final, conclusive and binding on all Executive Officers subject to this Policy, unless determined by a court of competent jurisdiction to be an abuse of discretion. Any members of the Committee, and any other members of the

Board who assist in the administration of this Policy, shall not be personally liable for any action, determination or interpretation made with respect to this Policy and shall be fully

indemnified by the Company to the fullest extent under applicable law and Company policy with respect to any such action, determination or interpretation. The foregoing sentence shall not limit any other rights to indemnification of the members of the Board under applicable law or Company policy.

7. No Indemnification. Notwithstanding anything to the contrary in any other policy of the Company, the governing documents of the Company or any agreement between the Company and an Executive Officer, no Executive Officer shall be indemnified by the Company against the loss of any Erroneously Awarded Compensation. Further, the Company is prohibited from paying or reimbursing an Executive Officer for purchasing insurance to cover any such loss.

8. Agreement to Policy by Executive Officers. The Committee shall take reasonable steps to inform Executive Officers of this Policy and the Executive Officers shall acknowledge receipt and adherence to this Policy in writing.

9. Exhibit Filing Requirement. A copy of this Policy and any amendments thereto shall be filed as an exhibit to the Company's Annual Report on Form 10-K.

10. Amendment. The Board may amend, modify or supplement all or any portion of this Policy at any time and from time to time in its discretion.

[TO BE SIGNED BY EACH OF THE COMPANY'S EXECUTIVE OFFICERS]

Clawback Policy Acknowledgment

I, the undersigned, agree and acknowledge that I am fully bound by, and subject to, all of the terms and conditions of the Blue Foundry Bancorp. Clawback Policy (as may be amended, restated, supplemented or otherwise modified from time to time, the "Policy") and that I have been provided a copy of the Policy. In the event of any inconsistency between the Policy and the terms of any employment or similar agreement to which I am a party, or the terms of any compensation plan, program or agreement under which any compensation has been granted, awarded, earned or paid, the terms of the Policy shall govern. If the Committee determines that any amounts granted, awarded, earned or paid to me must be forfeited or reimbursed to the Company, I will promptly take any action necessary to effectuate such forfeiture and/or reimbursement.

Name

Date

Title

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.