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

FORM 10-Q

(Mark one)

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

For the quarterly period ended March 31, 2024
or

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

Commission File Number 001-38955

HarborOne Bancorp, Inc.
(Exact name of registrant as specified in its charter)

Massachusetts **(State or other jurisdiction of incorporation or organization)**	**81-1607465** **(I.R.S. Employer Identification No.)**
770 Oak Street, Brockton, Massachusetts **(Address of principal executive offices)**	**02301** **(Zip Code)**

(508) 895-1000
(Registrant's telephone number, including area code)

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

Title of each Class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.01 par value	**HONE**	**The NASDAQ Stock Market, LLC**

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

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

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

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

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

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

As of May 1, 2024, there were 44,675,732 shares of the Registrant's common stock, par value $0.01 per share, outstanding.

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Glossary of Acronyms and Terms

The following is a list of common acronyms and terms used regularly in our financial reporting:

ACL	Allowance for Credit Losses
Bank	HarborOne Bank
BIC	Borrower-in-custody
BOLI	Bank-owned life insurance
BTFP	Bank Term Funding Program
DCF	Discounted cash flow
DIF	Massachusetts Depositors Insurance Fund
EPS	Earnings Per Share
ESOP	Employee Stock Ownership Plan
EVE	Equity at risk
Exchange Act	Securities Exchange Act of 1934, as amended
FDIC	Federal Deposit Insurance Corporation
Federal Reserve	Board of Governors of the Federal Reserve System
FHLB	Federal Home Loan Bank
FRBB	Federal Reserve Bank of Boston
GAAP	Accounting principles generally accepted in the United States of America
HarborOne Mortgage	HarborOne Mortgage, LLC
Management	Company's management
MSRs	Mortgage servicing rights
PPP	Paycheck Protection Program
ROU	Right-of-use
SBA	U.S. Small Business Administration
SEC	U.S. Securities and Exchange Commission
SOFR	Secured Overnight Financing Rate
Subordinated Notes	$35.0 million in fixed-to-floating-rate subordinated notes due 2028
Treasury	U.S. Department of the Treasury
USA PATRIOT Act	The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001

HarborOne Bancorp, Inc.
Consolidated Balance Sheets (unaudited)

(in thousands, except share data)	March 31, 2024	December 31, 2023
Assets		
Cash and due from banks	$ 36,340	$ 38,876
Short-term investments	357,101	188,474
Total cash and cash equivalents	393,441	227,350
Securities available for sale, at fair value	291,008	290,151
Securities held to maturity, at amortized cost (fair value of $19,102 at March 31, 2024 and $19,262 at December 31. 2023)	19,724	19,796
Federal Home Loan Bank stock, at cost	26,565	27,098
Asset held for sale	348	348
Loans held for sale, at fair value	16,434	19,686
Loans	4,776,685	4,750,311
Less: Allowance for credit losses on loans	(48,185)	(47,972)
Net loans	4,728,500	4,702,339
Accrued interest receivable	19,470	18,169
Mortgage servicing rights, at fair value	46,597	46,111
Property and equipment, net	47,913	48,749
Retirement plan annuities	15,315	15,170
Bank-owned life insurance	95,421	94,675
Goodwill	59,042	59,042
Intangible assets	1,326	1,515
Other assets	101,118	97,697
Total assets	$ 5,862,222	$ 5,667,896
Liabilities and Stockholders' Equity		
Deposits:		
Demand deposit accounts	$ 677,152	$ 659,973
NOW accounts	305,071	305,825
Regular savings and club accounts	1,110,404	1,265,315
Money market deposit accounts	1,061,145	966,201
Term certificate accounts	852,326	863,457
Brokered deposits	387,926	326,638
Total deposits	4,394,024	4,387,409
Borrowings	754,380	568,462
Mortgagors' escrow accounts	10,364	8,872
Accrued interest payable	7,302	5,251
Other liabilities and accrued expenses	118,469	114,143
Total liabilities	5,284,539	5,084,137
Commitments and contingencies (Notes 7, 12 and 13)		
Common stock, $0.01 par value; 150,000,000 shares authorized; 60,512,221 and 60,255,288 shares issued; 45,055,006 and 45,401,224 shares outstanding at March 31, 2024 and December 31, 2023, respectively	598	598
Additional paid-in capital	487,277	486,502
Retained earnings	363,591	359,656
Treasury stock, at cost, 15,457,215 and 14,854,064 shares at March 31, 2024 and December 31, 2023, respectively	(199,853)	(193,590)
Accumulated other comprehensive loss	(48,604)	(43,622)
Unearned compensation - ESOP	(25,326)	(25,785)
Total stockholders' equity	577,683	583,759
Total liabilities and stockholders' equity	$ 5,862,222	$ 5,667,896

The accompanying notes are an integral part of these unaudited interim Consolidated Financial Statements

HarborOne Bancorp, Inc.
Consolidated Statements of Income (unaudited)

(in thousands, except share data)	Three Months Ended March 31, 2024	2023
Interest and dividend income:		
Interest and fees on loans	$ 59,937	$ 52,771
Interest on loans held for sale	243	286
Interest on taxable securities	2,065	2,079
Other interest and dividend income	4,659	803
Total interest and dividend income	66,904	55,939
Interest expense:		
Interest on deposits	26,899	15,913
Interest on borrowings	9,423	5,105
Interest on subordinated debentures	—	523
Total interest expense	36,322	21,541
Net interest and dividend income	30,582	34,398
Provision (benefit) for credit losses	(168)	1,866
Net interest and dividend income, after provision for credit losses	30,750	32,532
Noninterest income:		
Mortgage banking income:		
Gain on sale of mortgage loans	2,013	2,224
Changes in mortgage servicing rights fair value	54	(1,692)
Other	2,276	2,216
Total mortgage banking income	4,343	2,748
Deposit account fees	4,983	4,733
Income on retirement plan annuities	145	119
Bank-owned life insurance income	746	500
Other income	524	590
Total noninterest income	10,741	8,690
Noninterest expense:		
Compensation and benefits	17,636	17,799
Occupancy and equipment	4,781	5,040
Data processing	2,479	2,346
Loan expenses	371	313
Marketing	816	1,181
Deposit expenses	690	534
Postage and printing	438	457
Professional fees	1,457	1,501
Foreclosed and repossessed assets	4	(17)
Deposit insurance	1,164	510
Other expenses	1,914	1,845
Total noninterest expense	31,750	31,509
Income before income taxes	9,741	9,713
Income tax provision	2,441	2,416
Net income	$ 7,300	$ 7,297
Earnings per common share:		
Basic	$ 0.17	$ 0.16
Diluted	$ 0.17	$ 0.16
Weighted average shares outstanding:		
Basic	41,912,421	44,857,224
Diluted	42,127,037	45,284,240

The accompanying notes are an integral part of these unaudited interim Consolidated Financial Statements

HarborOne Bancorp, Inc.
Consolidated Statements of Comprehensive (Loss) Income (unaudited)

	Three Months Ended March 31,	
(in thousands)	2024	2023
Net income	$ 7,300	$ 7,297
Other comprehensive (loss) income:		
Unrealized gain/loss on cashflow hedge:		
Unrealized holding gains(losses)	718	(170)
Reclassification adjustment for net gains included in net income	(1,235)	(1,018)
Net change in unrealized losses on derivatives in cashflow hedging instruments	(517)	(1,188)
Related tax effect	148	334
Net-of-tax amount	(369)	(854)
Unrealized gain/loss on securities available for sale:		
Unrealized holding (losses) gains	(4,940)	7,089
Related tax effect	348	(1,563)
Net-of-tax amount	(4,592)	5,526
Postretirement benefit:		
Adjustment of accumulated obligation for postretirement benefits	(1)	—
Reclassification adjustment for gains recognized in net periodic benefit cost	(20)	—
Net gains	(21)	—
Related tax effect	—	—
Net-of-tax amount	(21)	—
Total other comprehensive (loss) income	(4,982)	4,672
Comprehensive income	$ 2,318	$ 11,969

The accompanying notes are an integral part of these unaudited interim Consolidated Financial Statements

HarborOne Bancorp, Inc.
Consolidated Statements of Changes in Stockholders' Equity (unaudited)

(in thousands, except share data)	Common Stock Outstanding Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Treasury Stock, at Cost	Accumulated Other Comprehensive Income (Loss)	Unearned Compensation - ESOP	Total Stockholders' Equity
Balance at December 31, 2022	48,961,452	$ 596	$ 483,031	$356,438	$(148,384)	$ (47,082)	$ (27,623)	$ 616,976
Comprehensive income	—	—	—	7,297	—	4,672	—	11,969
Dividends declared of $0.075 per share	—	—	—	(3,281)	—	—	—	(3,281)
ESOP shares committed to be released (57,681 shares)	—	—	312	—	—	—	459	771
Restricted stock awards granted, net of forfeitures	157,059	—	—	—	—	—	—	—
Share-based compensation expense	—	1	488	—	—	—	—	489
Treasury stock purchased	(2,055,424)	—	—	—	(27,130)	—	—	(27,130)
Balance at March 31, 2023	47,063,087	$ 597	$ 483,831	$360,454	$(175,514)	$ (42,410)	$ (27,164)	$ 599,794
Balance at December 31, 2023	45,401,224	598	486,502	359,656	(193,590)	(43,622)	(25,785)	$ 583,759
Comprehensive income (loss)	—	—	—	7,300	—	(4,982)	—	2,318
Dividends declared of $0.08 per share	—	—	—	(3,365)	—	—	—	(3,365)
ESOP shares committed to be released (57,681 shares)	—	—	162	—	—	—	459	621
Restricted stock awards granted, net of forfeitures	193,073	—	—	—	—	—	—	—
Performance stock units vested	63,860	—	—	—	—	—	—	—
Share-based compensation expense	—		613	—	—	—	—	613
Treasury stock purchased	(603,151)	—	—	—	(6,263)	—	—	(6,263)
Balance at March 31, 2024	45,055,006	$ 598	$ 487,277	$363,591	$(199,853)	$ (48,604)	$ (25,326)	$ 577,683

The accompanying notes are an integral part of these unaudited interim Consolidated Financial Statements

HarborOne Bancorp, Inc.
Consolidated Statements of Cash Flows (unaudited)

(in thousands)	Three Months Ended March 31, 2024	2023
Cash flows from operating activities:		
Net income	$ 7,300	$ 7,297
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	(168)	1,866
Net amortization of securities premiums/discounts	88	106
Proceeds from sale of loans	92,798	81,760
Loans originated for sale	(87,755)	(74,940)
Accretion of net deferred loan costs/fees and premiums	(56)	(88)
Depreciation and amortization of premises and equipment	946	973
Change in mortgage servicing rights fair value	(275)	1,692
Mortgage servicing rights capitalized	(211)	(634)
Accretion of fair value adjustment on loans and deposits, net	(92)	(39)
Amortization of other intangible assets	189	190
Amortization of subordinated debt issuance costs	—	32
Net gains on mortgage loan sales, including fair value adjustments	(1,790)	(2,232)
Bank-owned life insurance income	(746)	(500)
Income on retirement plan annuities	(145)	(119)
Net loss (gain) on sale and write-down of other real estate owned and repossessed assets	4	(17)
ESOP expense	621	771
Share-based compensation expense	613	489
Decrease in operating lease ROU assets	462	728
Decrease in operating lease liabilities	(443)	(727)
Change in other assets	(3,803)	4,139
Change in other liabilities	7,437	(11,082)
Net cash provided by operating activities	14,974	9,665
Cash flows from investing activities:		
Activity in securities available for sale:		
Maturities, prepayments and calls	4,801	5,073
Purchases	(10,689)	—
Activity in securities held to maturity:		
Maturities, prepayment and calls	74	113
Net redemption (purchase) of FHLB stock	533	(3,518)
Participation-in loan purchases	—	(7,342)
Net loan (originations) payments	(27,822)	(65,510)
Proceeds from sale of other real estate owned and repossessed assets	65	105
Additions to property and equipment	(110)	(491)
Net cash used by investing activities	(33,148)	(71,570)

(continued)

The accompanying notes are an integral part of these unaudited interim Consolidated Financial Statements.

HarborOne Bancorp, Inc.
Consolidated Statements of Cash Flows (unaudited)

(in thousands)	Three Months Ended March 31, 2024	2023
Cash flows from financing activities:		
Net increase in deposits	6,615	52,178
Net change in short-term borrowed funds	(68,000)	40,000
Proceeds from borrowings	317,326	150,000
Repayment of borrowings	(63,408)	(10)
Net change in mortgagors' escrow accounts	1,492	2,048
Treasury stock purchased	(6,263)	(27,130)
Dividends paid	(3,497)	(3,444)
Net cash provided by financing activities	184,265	213,642
Net change in cash and cash equivalents	166,091	151,737
Cash and cash equivalents at beginning of period	227,350	98,017
Cash and cash equivalents at end of period	$ 393,441	$ 249,754
Supplemental cash flow information:		
Interest paid on deposits	$ 26,781	$ 15,343
Interest paid on borrowed funds	7,501	6,077
Income taxes paid, net	2,103	1,131
Transfer of loans to other real estate owned and repossessed assets	41	80
Dividends declared	3,365	3,281

The accompanying notes are an integral part of these unaudited interim Consolidated Financial Statements

HarborOne Bancorp, Inc.
Notes to Consolidated Financial Statements (unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Consolidation

The unaudited interim Consolidated Financial Statements of HarborOne Bancorp, Inc. presented herein have been prepared pursuant to the rules of the SEC for quarterly reports on Form 10-Q and do not include all of the information and note disclosures required by GAAP. In the opinion of management, all adjustments and disclosures considered necessary for the fair presentation of the accompanying unaudited interim Consolidated Financial Statements have been included. Interim results are not necessarily reflective of the results of the entire year. The accompanying unaudited interim Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements for the years ended December 31, 2023 and 2022 and notes thereto included in the Company's Annual Report on Form 10-K.

The unaudited interim Consolidated Financial Statements include the accounts of the Company; the Company's subsidiaries, Legion Parkway Company LLC (a security corporation) and HarborOne Bank; and the Bank's wholly-owned subsidiaries, which consist of HarborOne Mortgage, LLC, HarborOne Security Company, Inc. and a passive investment corporation. The passive investment corporation maintains and manages certain assets of the Bank. The security company was established for the purpose of buying, holding and selling securities on its own behalf. All significant intercompany balances and transactions have been eliminated in consolidation.

Certain prior year amounts have been reclassified to conform to the current year financial statement presentation. These changes and reclassifications did not impact previously reported net income or comprehensive income.

Nature of Operations

The Company provides a variety of financial services to individuals and businesses through its 30 full-service branches in Massachusetts and Rhode Island, and a commercial lending office in each of Boston, Massachusetts and Providence, Rhode Island. HarborOne Mortgage maintains offices in Florida, Maine, Massachusetts, New Hampshire, New Jersey and Rhode Island and originates loans in five additional states.

The Company's primary deposit products are checking, money market, savings, and term certificate of deposit accounts, while its primary lending products are commercial real estate, commercial, residential mortgages, home equity, and consumer loans. The Company also originates, sells and services residential mortgage loans through HarborOne Mortgage.

Risks and Uncertainties

Macroeconomic trends are mixed as uncertainty remains about the economy and banking industry. Market conditions and external factors may unpredictably impact the competitive landscape for deposits in the banking industry. Additionally, the rising interest rate environment has increased competition for liquidity and the premium at which liquidity is available to meet funding needs. An unexpected increase of withdrawals of deposits could adversely impact the Company's ability to fund its operations, potentially requiring greater reliance on secondary sources of liquidity to meet withdrawal demands or to fund continuing operations. These sources may include proceeds from FHLB advances, sales of investment securities and loans, federal funds lines of credit from correspondent banks, and brokered deposits.

Reliance on secondary funding sources could increase the Company's overall cost of funds and thereby reduce net income. While the Company believes its current sources of liquidity are adequate to fund operations, there is no guarantee they will suffice to meet future liquidity demands. This may necessitate slowing or discontinuing loan growth, capital expenditures, or other investments, or liquidating assets.

Additionally, the Company could experience adverse effects on its business, financial condition, results of operations and cash flows if there is severe or prolonged inflation, a recession, or further escalation of the current geopolitical situation. While asset quality continues to point to economic recovery, the Company's customers could experience similar adverse effects from these uncertainties that would impair their ability to fulfill their financial obligations to the Company resulting in deteriorating credit quality and loan charge-offs.

HarborOne Bancorp, Inc.
Notes to Consolidated Financial Statements (unaudited)

Summary of Significant Accounting Policies and Recently Adopted Accounting Standards Updates

Significant accounting policies in effect and disclosed within the Company's most recent audited Consolidated Financial Statements as of December 31, 2023 remain substantially unchanged.

2. DEBT SECURITIES

The following is a summary of securities available for sale and held to maturity:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
			(in thousands)		
March 31, 2024:					
Securities available for sale					
U.S. government and government-sponsored enterprise obligations	$ 47,143	$ —	$ 7,127	$ —	$ 40,016
U.S. government agency and government-sponsored residential mortgage-backed securities	305,548	9	59,486	—	246,071
U.S. government-sponsored collateralized mortgage obligations	1,656	—	66	—	1,590
SBA asset-backed securities	1,607	—	90	—	1,517
Corporate bonds	2,000	—	186	—	1,814
Total securities available for sale	$ 357,954	$ 9	$ 66,955	$ —	$291,008
Securities held to maturity					
U.S. government and government-sponsored enterprise obligations	$ 15,000	$ —	$ 477	$ —	$ 14,523
SBA asset-backed securities	4,724	—	145	—	4,579
Total securities held to maturity	$ 19,724	$ —	$ 622	$ —	$ 19,102

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
			(in thousands)		
December 31, 2023:					
Securities available for sale					
U.S. government and government-sponsored enterprise obligations	$ 47,143	$ —	$ 6,961	$ —	$ 40,182
U.S. government agency and government-sponsored residential mortgage-backed securities	300,277	3	54,683	—	245,597
U.S. government-sponsored collateralized mortgage obligations	1,852	—	70	—	1,782
SBA asset-backed securities	1,885	—	107	—	1,778
Corporate bonds	1,000	—	188	—	812
Total securities available for sale	$ 352,157	$ 3	$ 62,009	$ —	$290,151
Securities held to maturity					
U.S. government and government-sponsored enterprise obligations	$ 15,000	$ —	$ 438	$ —	$ 14,562
SBA asset-backed securities	4,796	—	96	—	4,700
Total securities held to maturity	$ 19,796	$ —	$ 534	$ —	$ 19,262

Accrued interest receivable is excluded from the amortized cost basis of debt securities. Accrued interest receivable totaled $959,000 and $940,000 as of March 31, 2024 and December 31, 2023, respectively. At March 31, 2024, available-for-sale debt securities with a fair value of $158.3 million were pledged for the BTFP borrowing, and available-for-sale debt securities with a fair value of $129.4 million and held-to-maturity securities with a fair value of $14.5 million were pledged as collateral to provide borrowing capacity through the FRB BIC line.

The amortized cost and fair value of debt securities by contractual maturity at March 31, 2024 is as follows:

	Available for Sale		Held to Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
		(in thousands)		
After 1 year through 5 years	$ 7,998	$ 7,564	$ 15,000	$14,523
After 5 years through 10 years	41,145	34,266	—	—
	49,143	41,830	15,000	14,523
U.S. government agency and government-sponsored residential mortgage-backed securities	305,548	246,071	—	—
U.S. government-sponsored collateralized mortgage obligations	1,656	1,590	—	—
SBA asset-backed securities	1,607	1,517	4,724	4,579
Total	$ 357,954	$291,008	$ 19,724	$19,102

U.S. government-sponsored residential mortgage-backed securities, collateralized mortgage obligations, and securities whose underlying assets are loans from the SBA have stated maturities of one to 29 years; however, it is expected that such securities will have shorter actual lives due to prepayments. U.S. government and government-sponsored enterprise obligations and corporate bonds are callable at the discretion of the issuer. U.S. government and government-sponsored enterprise obligations and corporate bonds with a total fair value of $56.4 million have a final maturity of three to eight years and a call feature of one month to three years. At March 31, 2024, there were no holdings of securities of any one issuer, other than the U.S. government and its agencies, in an amount greater than 10% of shareholder equity.

HarborOne Bancorp, Inc.
Notes to Consolidated Financial Statements (unaudited)

There were no sales or calls of securities in the three months ended March 31, 2024 and 2023, respectively.

Information pertaining to securities with gross unrealized losses at March 31, 2024 and December 31, 2023 aggregated by investment category and length of time that individual securities have been in a continuous loss position follows:

	Less Than Twelve Months		Twelve Months and Over	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
	(in thousands)			
March 31, 2024:				
Securities available for sale				
U.S. government and government-sponsored enterprise obligations	$ —	$ —	$ 7,127	$ 40,016
U.S. government agency and government-sponsored residential mortgage-backed securities	47	9,249	59,439	231,934
U.S. government-sponsored collateralized mortgage obligations	—	—	66	1,590
SBA asset-backed securities	—	—	90	1,517
Corporate bonds	—	—	186	814
	$ 47	$ 9,249	$ 66,908	$ 275,871
Securities held to maturity				
U.S. government and government-sponsored enterprise obligations	$ —	$ —	477	14,523
SBA asset-backed securities	145	4,579	—	—
	$ 145	$ 4,579	$ 477	$ 14,523
December 31, 2023:				
Securities available for sale				
U.S. government and government-sponsored enterprise obligations	$ —	$ —	$ 6,961	$ 40,182
U.S. government agency and government-sponsored residential mortgage-backed securities	—	—	54,683	240,955
U.S. government-sponsored collateralized mortgage obligations	—	—	70	1,782
SBA asset-backed securities	—	—	107	1,778
Corporate bonds	—	—	188	812
	$ —	$ —	$ 62,009	$ 285,509
Securities held to maturity				
U.S. government and government-sponsored enterprise obligations	$ —	$ —	438	14,562
SBA asset-backed securities	96	4,700	—	—
	$ 96	$ 4,700	$ 438	$ 14,562

Management assesses the decline in fair value of investment securities on a regular basis. Unrealized losses on debt securities may occur from current market conditions, increases in interest rates since the time of purchase, a structural change in an investment, volatility of earnings of a specific issuer, or deterioration in credit quality of the issuer. Management evaluates both qualitative and quantitative factors to assess whether an impairment exists.

As of March 31, 2024, the Company's security portfolio consisted of 136 debt securities, 133 of which were in an unrealized loss position. The unrealized losses are primarily related to the Company's debt securities that were issued by U.S. government-sponsored enterprises and agencies. The Company does not believe that the debt securities that were in an unrealized loss position as of March 31, 2024 represent a credit loss impairment. As of March 31, 2024, and December 31, 2023, the gross unrealized loss positions were primarily related to mortgage-backed securities and other obligations issued by U.S. government agencies or U.S. government-sponsored enterprises. These securities carry the explicit and/or implicit guarantee of the U.S. government and have a long history of zero credit loss. Total gross unrealized losses were primarily attributable to changes in interest rates relative to when the investment securities were purchased, and not due to the credit quality of the investment securities.

Management reviewed the collectability of the corporate bonds taking into consideration such factors as the financial condition of the issuers, reported regulatory capital ratios of the issuers, credit ratings, including ratings in effect as of the reporting period date as well as credit rating changes between the reporting period date and the filing date of this report, and other information. Management believes the unrealized losses on the corporate bonds are primarily attributable to changes in the investment spreads and interest rates and not changes in the credit quality of the issuers of the corporate bonds.

Management expects to recover the entire amortized cost basis of the available-for-sale debt securities with an unrealized loss. Furthermore, the Company does not intend to sell these securities, and it is unlikely that the Company will be required to sell these securities, before recovery of their cost basis, which may be at maturity. Therefore, no ACL was recorded at March 31, 2024.

As of March 31, 2024, the held-to-maturity securities were U.S. government-sponsored enterprise obligations. These securities are guaranteed by the government-sponsored enterprise with a long history of no credit losses and Management has determined these securities to have a zero loss expectation and therefore does not estimate an ACL on these securities.

3. LOANS HELD FOR SALE

The following table provides the fair value and contractual principal balance outstanding of loans held for sale accounted for under the fair value option:

	March 31, 2024	December 31, 2023
	(in thousands)	
Loans held for sale, fair value	$ 16,434	$ 19,686
Loans held for sale, contractual principal outstanding	16,125	19,155
Fair value less unpaid principal balance	$ 309	$ 531

The Company has elected the fair value option for mortgage loans held for sale to better match changes in fair value of the loans with changes in the fair value of the forward sale commitment contracts used to economically hedge them. Changes in fair value of mortgage loans held for sale accounted for under the fair value option election amounted to a decrease of $222,000 in the three months ended March 31, 2024 to $ 309,000, compared to an increase of $ 8,000 to $344,000 in the three months ended March 31, 2023. These amounts are offset in earnings by the changes in fair value of forward sale commitments. The changes in fair value are reported as a component of gain on sale of mortgage loans in the unaudited Consolidated Statements of Income.

At March 31, 2024 and December 31, 2023, there were no loans held for sale that were greater than 90 days past due.

HarborOne Bancorp, Inc.

Notes to Consolidated Financial Statements (unaudited)

4. LOANS AND ALLOWANCE FOR CREDIT LOSSES

A summary of the balances of loans follows:

	March 31, 2024	December 31, 2023
	(in thousands)	
Residential real estate:		
One- to four-family	$ 1,507,959	$ 1,513,554
Second mortgages and equity lines of credit	173,613	177,135
Residential real estate construction	14,650	18,132
Total residential real estate loans	1,696,222	1,708,821
Commercial:		
Commercial real estate	2,355,672	2,343,675
Commercial construction	234,811	208,443
Commercial and industrial	471,215	466,443
Total commercial loans	3,061,698	3,018,561
Consumer loans:		
Auto	11,888	13,603
Personal	7,413	8,433
Total consumer loans	19,301	22,036
Total loans before basis adjustment	4,777,221	4,749,418
Basis adjustment associated with fair value hedge [1]	(536)	893
Total loans	4,776,685	4,750,311
Allowance for credit losses on loans	(48,185)	(47,972)
Loans, net	$ 4,728,500	$ 4,702,339

[1] Represents the basis adjustment associated with the application of hedge accounting on certain loans. Refer to *Note 10 - Derivatives.*

The net unamortized deferred loan origination costs included in total loans and leases were $ 8.7 million and $8.5 million as of March 31, 2024 and December 31, 2023, respectively.

As of March 31, 2024 and December 31, 2023, the commercial and industrial loans includes $ 278,000 and $321,000, respectively, of SBA PPP loans and $ 32,000 and $36,000, respectively, of deferred fees on the PPP loans. PPP loans are fully guaranteed by the U.S. government.

The Company has transferred a portion of its originated commercial loans to participating lenders. The amounts transferred have been accounted for as sales and are therefore not included in the Company’s accompanying unaudited interim Consolidated Balance Sheets. The Company and participating lenders share ratably in cash flows and any gains or losses that may result from a borrower’s lack of compliance with contractual terms of the loan. The Company continues to service the loans on behalf of the participating lenders and, as such, collects cash payments from the borrowers, remits payments to participating lenders, and disburses required escrow funds to relevant parties. At March 31, 2024 and December 31, 2023, the Company was servicing commercial loans for participants in the aggregate amount of $416.1 million and $413.0 million, respectively.

The following table presents the activity in the ACL on loans for the three months ended March 31, 2024 and 2023:

	One- to Four-Family	Second Mortgages and Equity Lines of Credit	Residential Real Estate Construction	Commercial Real Estate	Commercial Construction	Commercial and Industrial	Consumer	Total
				(in thousands)				
Balance at December 31, 2023	$ 12,101	$ 964	$ 418	$ 21,288	$ 4,824	$ 8,107	$ 270	$47,972
Charge-offs	—	—	—	—	—	(228)	(49)	(277)
Recoveries	—	3	—	100	—	46	3	152
Provision	(66)	(25)	(87)	(125)	498	138	5	338
Balance at March 31, 2024	$ 12,035	$ 942	$ 331	$ 21,263	$ 5,322	$ 8,063	$ 229	$48,185

	One- to Four-Family	Second Mortgages and Equity Lines of Credit	Residential Real Estate Construction	Commercial Real Estate	Commercial Construction	Commercial and Industrial	Consumer	Total
				(in thousands)				
Balance at December 31, 2022	$ 11,532	$ 924	$ 280	$ 20,357	$ 4,645	$ 7,236	$ 262	$45,236
Charge-offs	—	—	—	—	—	(7)	(7)	(14)
Recoveries	1	7	—	1	—	—	16	25
Provision	(25)	36	475	584	412	255	10	1,747
Balance at March 31, 2023	$ 11,508	$ 967	$ 755	$ 20,942	$ 5,057	$ 7,484	$ 281	$46,994

As of March 31, 2024, the carrying value of individually analyzed loans amounted to $ 12.2 million, with a related allowance of $72,000, and $12.1 million of individually analyzed loans were considered collateral-dependent. As of December 31, 2023, the carrying value of individually analyzed loans amounted to $17.5 million, with a related allowance of $108,000, and $17.3 million were considered collateral-dependent.

For collateral-dependent loans where management has determined that foreclosure of the collateral is probable, or where the borrower is experiencing financial difficulty and repayment of the loan is to be provided substantially through the operation or sale of the collateral, the ACL is measured based on the difference between the fair value of the collateral and the amortized cost basis of the loan as of the measurement date.

The following table presents the carrying value of collateral-dependent individually analyzed loans as of March 31, 2024 and December 31, 2023:

	March 31, 2024		December 31, 2023	
	Carrying Value	Related Allowance	Carrying Value	Related Allowance
	(in thousands)			
Commercial:				
Commercial real estate	$ 1,496	$ 5	$ 7,416	$ 5
Commercial and industrial	1,744	67	1,793	101
Commercial construction	—	—	—	—
Total Commercial	3,240	72	9,209	106
Residential real estate	8,866	—	8,054	—
Total	$ 12,106	$ 72	$ 17,263	$ 106

The following is a summary of past due and non-accrual loans at March 31, 2024 and December 31, 2023:

	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due	Loans on Non-accrual
			(in thousands)		
March 31, 2024					
Residential real estate:					
One- to four-family	$ 2,596	$ 682	$ 5,209	$ 8,487	$ 8,158
Second mortgages and equity lines of credit	10	608	316	934	708
Commercial real estate	850	641	5	1,496	1,496
Commercial construction	—	—	—	—	—
Commercial and industrial	66	603	1,301	1,970	1,744
Consumer:					
Auto	66	—	2	68	27
Personal	53	25	18	96	27
Total	$ 3,641	$ 2,559	$ 6,851	$ 13,051	$ 12,160
December 31, 2023					
Residential real estate:					
One- to four-family	$ 4,704	$ 2,413	$ 4,418	$ 11,535	$ 7,785
Second mortgages and equity lines of credit	164	130	57	351	473
Commercial real estate	—	—	5,751	5,751	7,416
Commercial construction	—	—	—	—	—
Commercial and industrial	247	166	1,332	1,745	1,791
Consumer:					
Auto	96	69	4	169	4
Personal	16	5	31	52	44
Total	$ 5,227	$ 2,783	$ 11,593	$ 19,603	$ 17,513

At March 31, 2024 and December 31, 2023, there were no loans past due 90 days or more and still accruing.

Loan Modifications to Borrowers Experiencing Financial Difficulty

The Bank will modify the contractual terms of loans to a borrower experiencing financial difficulties as a way to mitigate loss and comply with regulations regarding bankruptcy and discharge situations. Modifications to borrowers experiencing financial difficulty may include interest rate reductions, principal or interest forgiveness, forbearances, term extensions, and other actions intended to minimize economic loss and to avoid foreclosure or repossession of collateral.

There were no material loan modifications based on borrower financial difficulty during the three months ended March 31, 2024 and 2023. There were no loans to borrowers experiencing financial difficulty that had a payment default during the three months ended March 31, 2024 and 2023 and were modified in the twelve months prior to that default. Default is determined at 90 or more days past due, upon charge-off, or upon foreclosure. Modified loans in default are individually evaluated for the allowance for credit losses or if the modified loan is deemed uncollectible, the loan, or a portion of the loan, is written off, and the allowance for credit losses is adjusted accordingly.

Credit Quality Indicators

Commercial

The Company uses a ten-grade internal loan rating system for commercial real estate, commercial construction and commercial loans, as follows:

Loans rated 1 – 6 are considered “pass”-rated loans with low to average risk.

Loans rated 7 are considered “special mention.” These loans are starting to show signs of potential weakness and are being closely monitored by management.

Loans rated 8 are considered “substandard.” Generally, a loan is considered substandard if it is inadequately protected by the current net worth and paying capacity of the obligors and/or the collateral pledged. There is a distinct possibility that the Company will sustain some loss if the weakness is not corrected.

Loans rated 9 are considered “doubtful.” Loans classified as doubtful have all the weaknesses inherent in those classified substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, highly questionable and improbable.

Loans rated 10 are considered “uncollectible” (loss), and of such little value that their continuance as loans is not warranted.

Loans not rated consist primarily of certain smaller balance commercial real estate and commercial loans that are managed by exception.

On an annual basis, or more often if needed, the Company formally reviews on a risk-adjusted basis, the ratings on substantially all commercial real estate, construction and commercial loans. Semi-annually, the Company engages an independent third party to review a significant portion of loans within these segments. Management uses the results of these reviews as part of its annual review process.

Residential and Consumer

On a monthly basis, the Company reviews the residential construction, residential real estate, and consumer installment portfolios for credit quality primarily through the use of delinquency reports.

HarborOne Bancorp, Inc.
Notes to Consolidated Financial Statements (unaudited)

The following table summarizes the Company's loan portfolio by credit quality indicator and loan portfolio segment as of March 31, 2024:

	Term Loans at Amortized Cost by Origination Year						Revolving Loans Amortized Cost	Revolving Loans Converted to Term Loans	
	2024	2023	2022	2021	2020	Prior			Total
					(in thousands)				
As of March 31, 2024									
Commercial real estate									
Pass	$24,559	$147,200	$ 826,882	$ 455,253	$233,191	$ 614,772	$ —	$ —	$ 2,301,857
Special mention	—	1,600	18,839	—	4,293	27,587	—	—	52,319
Substandard	—	—	—	—	—	1,496	—	—	1,496
Doubtful	—	—	—	—	—		—	—	—
Total commercial real estate	24,559	148,800	845,721	455,253	237,484	643,855	—	—	2,355,672
YTD gross charge-offs	—	—	—	—	—	—	—	—	—
Commercial and industrial									
Pass	11,690	73,215	50,703	92,676	68,905	94,486	76,180	—	467,855
Special mention	—	—	427	184	22	883	100	—	1,616
Substandard	—	—	2	—	50	390	—	—	442
Doubtful	—	—	—	—	—	1,253	49	—	1,302
Total commercial and industrial	11,690	73,215	51,132	92,860	68,977	97,012	76,329	—	471,215
YTD gross charge-offs	—	—	153	65	3	7	—	—	228
Commercial construction									
Pass	—	45,676	110,181	64,268	—	—	721	—	220,846
Special mention	—	4,240	9,725	—	—	—	—	—	13,965
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total commercial construction	—	49,916	119,906	64,268	—	—	721	—	234,811
YTD gross charge-offs	—	—	—	—	—	—	—	—	—
Residential real estate									
Accrual	12,179	135,862	431,542	471,589	199,720	271,197	163,938	1,329	1,687,356
Non-accrual	—	—	467	294	322	7,363	412	8	8,866
Total residential real estate	12,179	135,862	432,009	471,883	200,042	278,560	164,350	1,337	1,696,222
YTD gross charge-offs	—	—	—	—	—	—	—	—	—
Consumer									
Accrual	2,349	5,510	4,791	1,912	803	2,928	954	—	19,247
Non-accrual	—	4	12	—	4	28	6	—	54
Total Consumer	2,349	5,514	4,803	1,912	807	2,956	960	—	19,301
YTD gross charge-offs	—	14	5	19	—	11	—	—	49
Total loans before basis adjustment	$50,777	$413,307	$1,453,571	$1,086,176	$507,310	$1,022,383	$ 242,360	$ 1,337	$ 4,777,221
Total YTD gross charge-offs	$ —	$ 14	$ 158	$ 84	$ 3	$ 18	$ —	$ —	$ 277

HarborOne Bancorp, Inc.
Notes to Consolidated Financial Statements (unaudited)

The following table summarizes the Company's loan portfolio by credit quality indicator and loan portfolio segment as of December 31, 2023:

	Term Loans at Amortized Cost by Origination Year						Revolving Loans Amortized Cost	Revolving Loans Converted to Term Loans	Total
	2023	2022	2021	2020	2019	Prior			
				(in thousands)					
As of December 31, 2023									
Commercial real estate									
Pass	$152,047	$ 828,335	$ 455,996	$234,585	$233,713	$405,103	$ —	$ —	$2,309,779
Special mention	—	10,971	—	4,300	8,977	2,232	—	—	26,480
Substandard	—	—	—	—	—	1,670	—	—	1,670
Doubtful	—	—	—	—	—	5,746	—	—	5,746
Total commercial real estate	152,047	839,306	455,996	238,885	242,690	414,751	—	—	2,343,675
YTD gross charge-offs	—	—	—	—	—	4,171	—	—	4,171
Commercial and industrial									
Pass	73,240	52,190	94,570	70,565	22,988	75,493	74,125	—	463,171
Special mention	—	454	4	23	2	948	50	—	1,481
Substandard	—	52	8	—	—	367	18	—	445
Doubtful	—	—	—	—	—	1,297	49	—	1,346
Total commercial and industrial	73,240	52,696	94,582	70,588	22,990	78,105	74,242	—	466,443
YTD gross charge-offs	24	113	14	5	8	2	—	—	166
Commercial construction									
Pass	35,181	109,291	60,113	843	—	—	425	—	205,853
Special mention	—	2,590	—	—	—	—	—	—	2,590
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total commercial construction	35,181	111,881	60,113	843	—	—	425	—	208,443
YTD gross charge-offs	—	—	—	—	—	—	—	—	—
Residential real estate									
Accrual	138,541	434,421	480,010	202,118	38,675	239,185	166,144	1,469	1,700,563
Non-accrual	—	—	—	127	956	6,959	216	—	8,258
Total residential real estate	138,541	434,421	480,010	202,245	39,631	246,144	166,360	1,469	1,708,821
YTD gross charge-offs	—	—	—	—	—	—	—	—	—
Consumer									
Accrual	8,218	5,366	2,254	1,021	3,135	963	1,031	—	21,988
Non-accrual	14	18	5	—	2	4	5	—	48
Total Consumer	8,232	5,384	2,259	1,021	3,137	967	1,036	—	22,036
YTD gross charge-offs	7	16	4	15	18	29	—	—	89
Total loans before basis adjustment	$407,241	$1,443,688	$1,092,960	$513,582	$308,448	$739,967	$ 242,063	$ 1,469	$4,749,418
Total YTD gross charge-offs	$ 31	$ 129	$ 18	$ 20	$ 26	$ 4,202	$ —	$ —	$ 4,426

5. MORTGAGE LOAN SERVICING

The Company sells residential mortgages to government-sponsored enterprises and other parties. The Company retains no beneficial interests in these loans, but it may retain the servicing rights of the loans sold. Mortgage loans serviced for others are not included in the accompanying unaudited interim Consolidated Balance Sheets. The risks inherent in MSRs relate primarily to changes in prepayments that generally result from shifts in mortgage interest rates. The unpaid principal balance of mortgage loans serviced for others was $3.52 billion and $3.56 billion as of March 31, 2024 and December 31, 2023, respectively.

The Company accounts for MSRs at fair value. The Company obtains and reviews valuations from an independent third party to determine the fair value of MSRs. Key assumptions used in the estimation of fair value include prepayment speeds, discount rates, and default rates. At March 31, 2024 and December 31, 2023, the following weighted average assumptions were used in the calculation of fair value of MSRs:

	March 31, 2024	December 31, 2023
Prepayment speed	7.50 %	7.60 %
Discount rate	9.94	9.81
Default rate	1.88	2.27

The following summarizes changes to MSRs for the three months ended March 31, 2024 and 2023:

	Three Months Ended March 31,	
	2024	2023
	(in thousands)	
Balance, beginning of period	$ 46,111	$ 48,138
Additions	211	634
Changes in fair value due to:		
Reductions from loans paid off during the period	(353)	(371)
Changes in valuation inputs or assumptions	628	(1,321)
Balance, end of period	$ 46,597	$ 47,080

Contractually specified servicing fees, net of subservicing expense, included in other mortgage banking income amounted to $2.0 million for the three months ended March 31, 2024 and $ 2.0 million for the three months ended March 31, 2023.

6. GOODWILL AND OTHER INTANGIBLE ASSETS

At March 31, 2024 and December 31, 2023, the carrying value of the Bank's goodwill was $ 59.0 million as of both dates. In connection with the annual goodwill impairment test as of October 31, 2023, it was determined that HarborOne Mortgage's goodwill was 100% impaired, and a $10.8 million goodwill impairment charge was recorded for the period ended December 31, 2023.

Goodwill is tested for impairment annually on October 31 or on an interim basis if an event triggering impairment may have occurred. As of March 31, 2024, the Company assessed whether there were additional events or changes in circumstances since its annual goodwill impairment test that would indicate that it was more likely than not that the fair value of the reporting unit was less than the reporting unit's carrying amounts that would require an interim impairment assessment after October 31, 2023. The Company determined there had been no such indicators, therefore, no interim goodwill impairment assessment as of March 31, 2024 was performed.

The process of evaluating fair value is highly subjective and requires significant judgment and estimates. The goodwill at the Bank is at risk of future impairment in the event of a sustained decline in the value of its stock as well as values of other financial institutions, declines in revenue for the Company beyond our current forecasts, or significant adverse changes in the operating environment for the financial industry.

Other intangible assets were $1.3 million and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. The Company determined that there was no triggering event that warranted an interim impairment test at March 31, 2024.

7. DEPOSITS

A summary of deposit balances, by type, is as follows:

	March 31, 2024	December 31, 2023
	(in thousands)	
NOW and demand deposit accounts	$ 982,223	$ 965,798
Regular savings and club accounts	1,110,404	1,265,315
Money market deposit accounts	1,061,145	966,201
Total non-certificate accounts	3,153,772	3,197,314
Term certificate accounts greater than $250,000	219,050	240,702
Term certificate accounts less than or equal to $250,000	633,276	622,755
Brokered deposits	387,926	326,638
Total certificate accounts	1,240,252	1,190,095
Total deposits	$ 4,394,024	$ 4,387,409

Total municipal deposits included in the table amounted to $ 487.0 million at March 31, 2024 and $ 471.8 million at December 31, 2023. Municipal deposits are generally required to be fully insured. The Company provided supplemental insurance for municipal deposits through a reciprocal deposit program and letters of credit offered by the FHLB. DIF was exited February 24, 2023 and generally provided coverage until February 24, 2024 on deposits that existed at the exit date. The Company has established a relationship to participate in a reciprocal deposit program with other financial institutions. The reciprocal deposit program provides access to FDIC-insured deposit products in aggregate amounts exceeding the current limits for depositors. At March 31, 2024 and December 31, 2023, total reciprocal deposits were $394.9 million and $209.4 million, respectively, consisting of non-certificate accounts.

A summary of certificate accounts by maturity at March 31, 2024 is as follows:

	Amount	Weighted Average Rate
	(dollars in thousands)	
Within 1 year	$ 1,157,083	4.46 %
Over 1 year to 2 years	44,999	3.30
Over 2 years to 3 years	36,870	3.96
Over 3 years to 4 years	1,045	1.75
Over 4 years to 5 years	255	0.52
Total certificate deposits	$ 1,240,252	4.40 %

8. BORROWINGS

Borrowed funds at March 31, 2024 consisted of FHLB advances and a BTFP advance, while at December 31, 2023 borrowed funds consisted only of FHLB advances. Short-term advances were $235.0 million and $303.0 million with a weighted average rate of 5.51% and 5.53%, at March 31, 2024 and December 31, 2023, respectively. Long-term borrowings are summarized by maturity date below.

	March 31, 2024			December 31, 2023	
	Amount by Scheduled Maturity*	Amount by Call Date (1)	Weighted Average Rate (2)	Amount by Scheduled Maturity*	Weighted Average Rate (2)
	(dollars in thousands)				
Year ending December 31:					
2024	$ 10,000	$ 190,000	1.68 %	$ —	— %
2025	245,987	255,987	4.69	13,400	1.39
2026	130,000	40,000	4.30	90,987	4.31
2027	50,000	—	4.12	110,000	4.20
2028	59,198	19,198	4.03	10,000	3.72
2029	23,128	13,128	4.06	40,000	3.86
2030 and thereafter	1,067	1,067	2.00	1,075	2.00
	$ 519,380	$ 519,380	4.37 %	$ 265,462	4.02 %

* Includes an amortizing advance requiring monthly principal and interest payments.

(1) Callable FHLB advances are shown in the respective periods assuming that the callable debt is redeemed at the call date, while all other advances are shown in the periods corresponding to their scheduled maturity date. There were 16 callable advances at March 31, 2024.

(2) Weighted average rates are based on scheduled maturity dates.

The FHLB advances are secured by a blanket security agreement which requires the Bank to maintain certain qualifying assets as collateral, principally residential mortgage loans and commercial real estate loans held in the Bank's portfolio. The carrying value of the loans pledged as collateral for these borrowings totaled $2.04 billion at March 31, 2024 and $2.02 billion at December 31, 2023. As of March 31, 2024, the Company had $ 532.0 million of available borrowing capacity with the FHLB.

The Bank maintains a BIC line at the FRBB, with total credit based on eligible collateral. At March 31, 2024, the Bank had $364.0 million of borrowing capacity secured by 59% of the carrying value of commercial loans with principal balances amounting to $363.4 million and securities with a collateral value in the amount of $ 151.0 million at March 31,2024, with no balance outstanding. At March 31, 2024, the Bank also had a $ 175.0 million borrowing under the BTFP secured by available-for-sale securities with a par value of $186.7 million. The BTFP ceased making new loans on March 11, 2024. The Company also has additional borrowing capacity under a $25.0 million unsecured federal funds line with a correspondent bank.

On December 1, 2023, the Company fully redeemed its Subordinated Notes and expensed the remaining unamortized issuance costs. Amortization of issuance costs was $32,000 for the quarter ended March 31, 2023.

9. OTHER COMMITMENTS AND CONTINGENCIES

ACL on Unfunded Commitments

The ACL on unfunded commitments amounted to $3.4 million and $5.0 million at March 31, 2024 and 2023, respectively. The activity in the ACL on unfunded commitments for the three months ended March 31, 2024 and 2023 is presented below:

	Residential Real Estate	Commercial Real Estate	Commercial Construction	Commercial and Industrial	Consumer	Total
	(in thousands)					
Balance at December 31, 2023	$ 254	$ 411	$ 2,351	$ 882	$ 20	$ 3,918
Provision	4	(51)	(421)	(37)	(1)	(506)
Balance at March 31, 2024	$ 258	$ 360	$ 1,930	$ 845	$ 19	$ 3,412
Balance at December 31, 2022	$ 336	$ 628	$ 3,079	$ 870	$ 14	$ 4,927
Provision	(74)	(80)	198	70	5	119
Balance at March 31, 2023	$ 262	$ 548	$ 3,277	$ 940	$ 19	$ 5,046

Loan Commitments

The Company is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and advance funds on various lines of credit. Those commitments involve, to varying degrees, elements of credit and interest-rate risk in excess of the amount recognized in the accompanying unaudited interim Consolidated Financial Statements.

The Company's exposure to credit loss is represented by the contractual amount of these commitments. The Company uses the same credit policies in making commitments as it does for on-balance sheet instruments.

The following off-balance sheet financial instruments were outstanding at March 31, 2024 and December 31, 2023. The contract amounts represent credit risk.

	March 31, 2024	December 31, 2023
	(in thousands)	
Commitments to grant residential real estate loans-HarborOne Mortgage	$ 48,624	$ 35,029
Commitments to grant other loans	39,967	48,547
Unadvanced funds on home equity lines of credit	264,888	260,376
Unadvanced funds on revolving lines of credit	283,982	306,943
Unadvanced funds on construction loans	175,514	210,829

Commitments to extend credit and unadvanced portions of construction loans are agreements to lend to a customer, as long as there is no violation of any condition established in the contract. Commitments to grant loans generally have fixed expiration dates or other termination clauses and may require payment of a fee. The commitments for unadvanced funds on construction loans and home equity and revolving lines of credit may expire without being drawn upon; therefore, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's credit-worthiness on a case-by-case basis. Commitments to grant loans, and unadvanced construction loans and home equity lines of credit are collateralized by real estate, while revolving lines of credit are unsecured.

10. DERIVATIVES

The Company's derivative financial instruments are used to manage differences in the amount, timing and duration of the Company's known or expected cash receipts and its known or expected cash payments principally to manage the Company's interest-rate risk. Additionally, the Company enters into interest rate derivatives to accommodate the business requirements of its customers. All derivatives are recognized as either assets or liabilities on the balance sheet and are measured at fair value. The accounting for changes in the fair value of a derivative instrument depends upon whether or not it qualifies as a hedge for accounting purposes, and further, by the type of hedging relationship.

Derivatives Designated as Hedging Instruments

Fair Value Hedge - The Company is exposed to changes in the fair value of fixed-rate assets due to changes in benchmark interest rates. In June 2023, to manage its exposure to changes in the fair value of a closed asset pool of fixed-rate residential mortgages, the Company entered into interest rate swaps with a total notional amount of $100.0 million, designated as fair value portfolio layer hedges. The Company receives variable-rate interest payments in exchange for making fixed-rate payments over the lives of the contracts without exchanging the notional amounts. The gain or loss on these derivatives, as well as the offsetting loss or gain on the hedged items attributable to the hedged risk, are recognized in interest income in the Company's Consolidated Statements of Income.

As of March 31, 2024, the Company had two interest rate swap agreements with a notional amount of $ 100.0 million that were designated as a fair value hedge of fixed-rate residential mortgages. The hedges were determined to be effective during the three months ended March 31, 2024, and the Company expects the hedges to remain effective during the remaining terms of the swaps.

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Notes to Consolidated Financial Statements (unaudited)

The following amounts were recorded on the Consolidated Balance Sheets related to cumulative basis adjustment for fair value hedges as of the dates indicated:

Line Item in the Consolidated Balance Sheets in Which the Hedged Item is Included	Carrying Amount of the Hedged Assets		Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged Assets	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
	(in thousands)			
Loans held for investment [1]	$ 99,464	$ 100,855	$ (536)	$ 855
Total	$ 99,464	$ 100,855	$ (536)	$ 855

[1] These amounts were included in the amortized cost basis of closed portfolios used to designate hedging relationships in which the hedged item is the last layer expected to be remaining at the end of the hedging relationship. At March 31, 2024, the amortized cost basis of the closed portfolios used in these hedging relationships was $1.20 billion; the cumulative basis adjustments associated with these hedging relationships was $(536,000) and the amount of the designated hedged items were $100.0 million.

Cashflow Hedge - As part of its interest-rate risk-management strategy, the Company utilizes interest rate swap agreements to help manage its interest-rate risk positions. The notional amount of the interest rate swaps does not represent the amount exchanged by the parties. The exchange of cash flows is determined by reference to the notional amounts and the other terms of the interest rate swap agreements. The changes in fair value of derivatives designated as cashflow hedges are recorded in other comprehensive income and subsequently reclassified to earnings when gains or losses are realized.

As of March 31, 2024, the Company had one interest rate swap agreement with a notional amount of $100.0 million that was designated as a cashflow hedge of brokered deposits. The interest rate swap agreement has an average maturity of 1.02 years, the current weighted average fixed rate paid is 0.67%, the weighted average 3-month SOFR swap receive rate is 5.61%, and the fair value is $4.6 million. The Company expects approximately $4.4 million related to the cashflow hedge to be reclassified to interest expense, from other comprehensive income, in the next twelve months.

Derivatives Not Designated as Hedging Instruments

Derivative Loan Commitments - Mortgage loan commitments qualify as derivative loan commitments if the loan that will result from exercise of the commitment will be held for sale upon funding. The Company enters into commitments to fund residential mortgage loans at specified times in the future, with the intention that these loans will subsequently be sold in the secondary market. A mortgage loan commitment binds the Company to lend funds to a potential borrower at a specified interest rate and within a specified period of time, generally up to 60 days after inception of the rate lock.

Outstanding derivative loan commitments expose the Company to the risk that the price of the loans arising from exercise of the loan commitment might decline from inception of a rate lock to funding of the loan due to increases in mortgage interest rates. If interest rates increase, the value of these loan commitments decreases. Conversely, if interest rates decrease, the value of these loan commitments increases.

Forward Loan Sale Commitments -The Company utilizes both “mandatory delivery” and “best efforts” forward loan sale commitments to mitigate the risk of potential decreases in the values of loans that would result from the exercise of the derivative loan commitments.

With a “mandatory delivery” contract, the Company commits to deliver a certain principal amount of mortgage loans to an investor at a specified price on or before a specified date. If the Company fails to deliver the number of mortgages necessary to fulfill the commitment by the specified date, it is obligated to pay a “pair-off” fee, based on then-current market prices, to the investor to compensate the investor for the shortfall.

With a "best efforts" contract, the Company commits to deliver an individual mortgage loan of a specified principal amount and quality to an investor if the loan to the underlying borrower closes. Generally, the price the investor will pay the seller for an individual loan is specified prior to the loan being funded (e.g., on the same day the lender commits to lend funds to a potential borrower).

The Company expects that these forward loan sale commitments will experience changes in fair value opposite to the change in fair value of derivative loan commitments.

Interest Rate Swaps -The Company enters into interest rate swap agreements that are transacted to meet the financing needs of its commercial customers. Offsetting interest rate swap agreements are simultaneously transacted with a third-party financial institution to effectively eliminate the Company's interest-rate risk associated with the customer swaps. The primary risks associated with these transactions arise from exposure to the ability of the counterparties to meet the terms of the contract. The interest rate swap notional amount is the aggregate notional amount of the customer swap and the offsetting third-party swap. The Company also assesses the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and determines whether the credit valuation adjustments are significant to the overall valuation of its derivatives.

Interest Rate Futures -The Company uses interest rate futures to mitigate the impact of fluctuations in interest rates and interest rate volatility on the fair value of the MSRs. Changes in their fair value are reflected in current period earnings in mortgage banking income.

Risk Participation Agreements -The Company has entered into risk participation agreements with correspondent institutions and shares in any interest rate swap losses incurred as a result of the commercial loan customers' termination of a loan-level interest rate swap agreement prior to maturity. The Company records these risk participation agreements at fair value. The Company's maximum credit exposure is based on its proportionate share of the settlement amount of the referenced interest rate swap. Settlement amounts are generally calculated based on the fair value of the swap plus outstanding accrued interest receivables from the customer.

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The following table presents the outstanding notional balances and fair values of outstanding derivative instruments:

	Notional Amount	Assets Fair Value	Liabilities Fair Value
		(in thousands)	
March 31, 2024:			
Derivatives designated as hedging instruments			
Fair value hedge - interest rate swaps	$ 100,000	$ 565	$ —
Cashflow hedge - interest rate swaps	100,000	4,579	—
Total derivatives designated as hedging instruments		$ 5,144	$ —
Derivatives not designated as hedging instruments			
Derivative loan commitments	$ 34,819	$ 397	$ 18
Forward loan sale commitments	37,000	52	32
Interest rate swaps	877,905	25,365	25,365
Interest rate futures	32,000	48	—
Risk participation agreements	202,967	—	—
Total derivatives not designated as hedging instruments		$ 25,862	$ 25,415
Total derivatives		$ 31,006	$ 25,415
December 31, 2023:			
Derivatives designated as hedging instruments			
Fair value hedge - interest rate swaps	$ 100,000	—	855
Cashflow hedge - interest rate swaps	100,000	5,095	—
Total derivatives designated as hedging instruments		$ 5,095	$ 855
Derivatives not designated as hedging instruments			
Derivative loan commitments	$ 30,165	$ 480	$ 158
Forward loan sale commitments	30,000	4	293
Interest rate swaps	863,348	23,245	23,245
Risk participation agreements	189,275	—	—
Total derivatives not designated as hedging instruments		$ 23,729	$ 23,696
Total derivatives		$ 28,824	$ 24,551

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The following table presents the recorded net gains and losses pertaining to the Company's derivative instruments:

	Location of gain (loss) recognized in Income	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
		(in thousands)	
Derivatives designated as fair value hedge			
Hedged items - loans	Interest income	$ (1,429)	$ —
Interest rate swap contracts	Interest income	1,420	—
Total		$ (9)	$ —
Derivatives not designated as hedging instruments			
Derivative loan commitments	Mortgage banking income	$ 57	$ 558
Forward loan sale commitments	Mortgage banking income	310	(477)
Interest rate futures	Mortgage banking income	(221)	—
Interest rate swaps	Other income	—	—
Total		$ 146	$ 81

The effect of cashflow hedge accounting on accumulated other comprehensive income is as follows:

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
	(in thousands)	
Derivatives designated as hedging instruments		
(Loss) gain in OCI on derivatives (effective portion), net of tax	$ (369)	$ (854)
Gain (loss) reclassified from OCI into interest income or interest expense (effective portion)	$ 1,235	$ 1,018

Master netting arrangements provide for a single net settlement of all swap agreements, as well as collateral or cash funds, in the event of default on, or termination of, any one contract. Collateral is provided by cash or securities received or posted by the counterparty with net liability positions, respectively, in accordance with contract thresholds.

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The following table presents the offsetting of derivatives and amounts subject to an enforceable master netting arrangement, not offset in the Consolidated Balance Sheets at March 31, 2024:

	Gross Amounts of Recognized Assets (Liabilities)	Gross Amounts Offset in the Consolidated Balance Sheets	Net Amounts Assets (Liabilities) presented in the Consolidated Balance Sheets	Gross Amounts Not Offset in the Consolidated Balance Sheets: Financial Instruments	Cash Collateral (Received) Posted	Net Amount
	(in thousands)					
Derivatives designated as hedging instruments						
Interest rate swap on deposits	$ 4,579	$ —	$ 4,579	$ —	$ (4,579)	$ —
Interest rate swap on residential real estate loans	$ 565	$ —	$ 565	$ —	$ (580)	$ (15)
Derivatives not designated as hedging instruments						
Customer interest rate swaps	$ 24,241	$ —	$ 24,241	$ —	$ (24,421)	$ (180)

11. OPERATING LEASE ROU ASSETS AND LIABILITIES

Operating lease ROU assets, included in other assets, were $ 22.4 million and $22.9 million at March 31, 2024 and December 31, 2023, respectively.

Operating lease liabilities, included in other liabilities and accrued expenses, were $24.1 million and $24.5 million at March 31, 2024 and December 31, 2023, respectively. As of March 31, 2024 and December 31, 2023 there were no leases that had not yet commenced. At March 31, 2024, lease expiration dates ranged from one month to 34.4 years and had a weighted average remaining lease term of 16.1 years. At December 31, 2023, lease expiration dates ranged from two months to 34.7 years and had a weighted average remaining lease term of 16.2 years.

Future minimum lease payments under non-cancellable leases and a reconciliation to the amount recorded as operating lease liabilities as of March 31, 2024 were as follows:

	March 31, 2024
	(in thousands)
2024	$ 2,754
2025	2,642
2026	2,485
2027	2,416
2028	2,239
Thereafter	16,588
Total lease payments	29,124
Imputed interest	(5,044)
Total present value of operating lease liabilities	$ 24,080

The weighted-average discount rate and remaining lease term for operating leases were as follows:

	March 31, 2024	December 31, 2023
Weighted-average discount rate	2.09 %	2.08 %

Weighted-average remaining lease term (years)	16.10	16.24

Rental expense for operating leases is recognized on a straight-line basis over the lease term. Variable lease components, such as fair-market value adjustments, are expensed as incurred and not included in ROU assets and operating lease liabilities.

The following table presents the components of total lease expense:

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Lease Expense:		
Operating lease expense	$ 747	$ 807
Short-term lease expense	26	30
Variable lease expense	5	2
Sublease income	—	(5)
Total lease expense	$ 778	$ 834
Other Information		
Cash paid for amounts included in the measurement of lease liabilities- operating cash flows for operating leases	737	835
Operating Lease - Operating cash flows (Liability reduction)	615	680
ROU assets obtained in exchange for new operating lease liabilities	38	—

12. MINIMUM REGULATORY CAPITAL REQUIREMENTS

The Company and the Bank are subject to various regulatory capital requirements administered by the Federal Reserve and the FDIC. Failure to meet minimum capital requirements can result in mandatory and possible additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's unaudited Consolidated Financial Statements.

Under the capital rules, risk-based capital ratios are calculated by dividing Tier 1, common equity Tier 1, and total risk-based capital, respectively, by risk-weighted assets. Assets and off-balance sheet credit equivalents are assigned to one of several risk-weight categories, based primarily on relative risk. The rules require banks and bank holding companies to maintain a minimum common equity Tier 1 capital ratio of 4.5%, a minimum Tier 1 capital ratio of 6.0% and a total capital ratio of 8.0%. In addition, a Tier 1 leverage ratio of 4.0% is required. Additionally, the capital rules require a bank holding company to maintain a capital conservation buffer of common equity Tier 1 capital in an amount above the minimum risk-based capital requirements equal to 2.5% of total risk weighted assets, or face restrictions on the ability to pay dividends, pay discretionary bonuses, and to engage in share repurchases.

Under the FDIC's prompt corrective action rules, an insured state nonmember bank is considered "well capitalized" if its capital ratios meet or exceed the ratios as set forth in the following table and is not subject to any written agreement, order, capital directive, or prompt corrective action directive to meet and maintain a specific capital level for any capital measure. The Bank must meet well capitalized requirements under prompt corrective action provisions. Prompt corrective action provisions are not applicable to bank holding companies.

A bank holding company is considered "well capitalized" if the bank holding company (i) has a total risk-based capital ratio of at least 10.0%, (ii) has a Tier 1 risk-based capital ratio of at least 6.0%, and (iii) is not subject to any written agreement order, capital directive or prompt corrective action directive to meet and maintain a specific capital level for any capital measure.

At March 31, 2024, the capital levels of both the Company and the Bank exceeded all regulatory capital requirements, and their regulatory capital ratios were above the minimum levels required to be considered well capitalized for regulatory purposes. The capital levels of both the Company and the Bank at March 31, 2024 also exceeded the minimum capital requirements, including the currently applicable capital conservation buffer of 2.5%.

The Company's and the Bank's actual regulatory capital ratios as of March 31, 2024 and December 31, 2023 are presented in the table below.

	Actual		Minimum Required for Capital Adequacy Purposes		Minimum Required to be Considered "Well Capitalized" Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(dollars in thousands)			
HarborOne Bancorp, Inc.						
March 31, 2024						
Common equity Tier 1 capital to risk-weighted assets	$ 566,298	12.0 %	$ 212,812	4.5 %	N/A	N/A
Tier 1 capital to risk-weighted assets	566,298	12.0	283,749	6.0	N/A	N/A
Total capital to risk-weighted assets	617,896	13.1	378,332	8.0	N/A	N/A
Tier 1 capital to average assets	566,298	9.7	232,397	4.0	N/A	N/A
December 31, 2023						
Common equity Tier 1 capital to risk-weighted assets	$ 567,248	12.0 %	$ 212,816	4.5 %	N/A	N/A
Tier 1 capital to risk-weighted assets	567,248	12.0	283,755	6.0	N/A	N/A
Total capital to risk-weighted assets	619,138	13.1	378,340	8.0	N/A	N/A
Tier 1 capital to average assets	567,248	10.0	226,690	4.0	N/A	N/A
HarborOne Bank						
March 31, 2024						
Common equity Tier 1 capital to risk-weighted assets	$ 514,878	10.9 %	$ 212,731	4.5 %	$ 307,278	6.5 %
Tier 1 capital to risk-weighted assets	514,878	10.9	283,641	6.0	378,188	8.0
Total capital to risk-weighted assets	566,476	12.0	378,188	8.0	472,735	10.0
Tier 1 capital to average assets	514,878	8.9	232,374	4.0	290,467	5.0
December 31, 2023						
Common equity Tier 1 capital to risk-weighted assets	$ 509,791	10.8 %	$ 212,724	4.5 %	$ 307,267	6.5 %
Tier 1 capital to risk-weighted assets	509,791	10.8	283,632	6.0	378,175	8.0
Total capital to risk-weighted assets	561,682	11.9	378,175	8.0	472,719	10.0
Tier 1 capital to average assets	509,791	9.0	226,666	4.0	283,333	5.0

13. COMPREHENSIVE (LOSS) INCOME

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities are reported as a separate component of the stockholders' equity section of the unaudited Consolidated Balance Sheets, such items, along with net income, are components of comprehensive income (loss).

The following table presents changes in accumulated other comprehensive (loss) income by component for the three months ended March 31, 2024 and 2023:

	Three Months Ended March 31,							
	2024				2023			
	Postretirement Benefit	Available for Sale Securities	Cash Flow Hedge	Total	Postretirement Benefit	Available for Sale Securities	Cash Flow Hedge	Total
	(in thousands)							
Balance at beginning of period	$ 85	$ (47,373)	$ 3,666	$(43,622)	$ 150	$ (53,212)	$ 5,980	$(47,082)
Other comprehensive income (loss) before reclassifications	(1)	(4,940)	718	(4,223)	—	7,089	(170)	6,919
Amounts reclassified from accumulated other comprehensive (loss) income	(20)	—	(1,235)	(1,255)	—	—	(1,018)	(1,018)
Net current period other comprehensive (loss) income	(21)	(4,940)	(517)	(5,478)	—	7,089	(1,188)	5,901
Related tax effect	—	348	148	496	—	(1,563)	334	(1,229)
Balance at end of period	$ 64	$ (51,965)	$ 3,297	$(48,604)	$ 150	$ (47,686)	$ 5,126	$(42,410)

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 following methods and assumptions were used by the Company in estimating fair value disclosures:

Debt Securities – Available-for-sale debt securities are recorded at fair value on a recurring basis. When available, the Company uses quoted market prices to determine the fair value of debt securities; such items are classified as Level 1. There were no Level 1 securities held at March 31, 2024 and December 31, 2023.

Level 2 debt securities are traded less frequently than exchange-traded instruments. The fair value of these securities is determined using matrix pricing with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category includes obligations of U.S. government-sponsored enterprises, including mortgage-backed securities, and corporate bonds.

Debt securities not actively traded whose fair value is determined through the use of cash flows utilizing inputs that are unobservable are classified as Level 3. There were no Level 3 securities held at March 31, 2024 and December 31, 2023.

Loans held for sale - The fair value of mortgage loans held for sale is estimated based on current market prices for similar loans in the secondary market and therefore are classified as Level 2 assets. There were no mortgage loans held for sale 90 days or more past due as of March 31, 2024 and December 31, 2023.

Collateral-Dependent Impaired Loans - The fair value of collateral-dependent loans that are deemed to be impaired is determined based upon the fair value of the underlying collateral. Such collateral primarily consists of real estate and, to a lesser extent, other business assets. For collateral-dependent loans for which repayment is dependent on the sale of the collateral, management adjusts the fair value for estimated costs to sell. For collateral-dependent loans for which repayment is dependent on the operation of the collateral, estimated costs to sell are not incorporated into the measurement. Management may also adjust appraised values to reflect estimated market value declines or apply other discounts to appraised values resulting from its knowledge of the property. Internal valuations are utilized to determine the fair value of other business assets. Collateral-dependent impaired loans are categorized as Level 3.

Appraisals for collateral-dependent impaired loans are performed by certified general appraisers (for commercial properties) or certified residential appraisers (for residential properties) whose qualifications and licenses have been reviewed and verified by the Company. Once received, the Company reviews the assumptions and approaches utilized in the appraisal as well as the overall resulting fair value in comparison with independent data sources such as recent market data or industry-wide statistics.

Retirement plan annuities - The carrying value of the annuities are based on their contract values which approximate fair value.

MSRs - Fair value is based on a third-party valuation model that calculates the present value of estimated future net servicing income and includes observable market data such as prepayment speeds and default and loss rates.

Deposits and mortgagors' escrow accounts - The fair values disclosed for demand deposits (e.g., interest and non-interest checking, passbook savings, and certain types of money market accounts) and mortgagors' escrow accounts are, by definition, equal to the amount payable on demand at the reporting date (i.e., their carrying amounts). Fair values for certificates of deposit are estimated using a DCF calculation that applies market interest rates currently being offered on certificates to a schedule of aggregated expected monthly maturities on time deposits.

Borrowed funds - The fair values of borrowed funds are estimated using DCF analyses based on the current incremental borrowing rates in the market for similar types of borrowing arrangements.

Accrued interest - The carrying amounts of accrued interest approximate fair value.

Derivatives

Derivatives designated as hedging instrument - The Company works directly with a third-party vendor to provide periodic valuations for its interest-rate risk-management agreements to determine fair value of its interest rate swaps executed for interest-rate risk management. The vendor utilizes standard valuation methodologies applicable to interest rate derivatives based on readily observable market data and are therefore considered Level 2 valuations.

Forward loan sale commitments and derivative loan commitments - Forward loan sale commitments and derivative loan commitments are based on fair values of the underlying mortgage loans and the probability of such commitments being exercised. The assumptions for pull-through rates are derived from internal data and adjusted using management judgment. Derivative loan commitments include the value of servicing rights and non-refundable costs of originating the loan based on the Company's internal cost analysis that is not observable. The weighted average pull-through rate for derivative loan commitments was approximately 91% and 89% at March 31, 2024 and December 31, 2023, respectively.

Interest rate swaps and risk participation agreements - The Company's interest rate swaps are traded in over-the-counter markets where quoted market prices are not readily available. For these interest rate derivatives, fair value is determined by a third party utilizing models that use primarily market observable inputs, such as swap rates and yield curves. The pricing models used to value interest rate swaps calculate the sum of each instrument's fixed and variable cash flows, which are then discounted using an appropriate yield curve to arrive at the fair value of each swap. The pricing models do not contain a high level of subjectivity as the methodologies used do not require significant judgment.

Although the Company has determined that the majority of the inputs used to value its interest rate swaps and risk participation agreements fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with interest rate contracts and risk participation agreements utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by the Company and its counterparties. As of March 31, 2024 and December 31, 2023, the Company assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and determined that the credit valuation adjustments were not significant to the overall valuation of its derivatives. As a result, the Company classified its derivative valuations in their entirety as Level 2.

Interest rate futures – The Company's interest rate futures are valued based on quoted prices for similar assets in an active market with inputs that are observable and as a result, the Company classified has classified these derivatives as Level 2.

Off-balance sheet credit-related instruments - Fair values for off-balance sheet, credit-related financial instruments are based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the counterparties' credit standing. The fair value of off-balance sheet instruments is immaterial.

Transfers between levels are recognized at the end of the reporting period, if applicable. There were no transfers during the periods presented.

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Assets and Liabilities Measured at Fair Value on a Recurring Basis

Assets and liabilities measured at fair value on a recurring basis are summarized below:

	Level 1	Level 2	Level 3	Total Fair Value
		(in thousands)		
March 31, 2024				
Assets				
Securities available for sale	$ —	$ 291,008	$ —	$ 291,008
Loans held for sale	—	16,434	—	16,434
Mortgage servicing rights	—	46,597	—	46,597
Derivatives	—	30,557	449	31,006
	$ —	$ 384,596	$ 449	$ 385,045
Liabilities				
Derivatives	$ —	$ 25,365	$ 50	$ 25,415
December 31, 2023				
Assets				
Securities available for sale	$ —	$ 290,151	$ —	$ 290,151
Loans held for sale	—	19,686	—	19,686
Mortgage servicing rights	—	46,111	—	46,111
Derivatives	—	28,340	484	28,824
	$ —	$ 384,288	$ 484	$ 384,772
Liabilities				
Derivatives	$ —	$ 24,100	$ 451	$ 24,551

The table below presents, for the three months ended March 31, 2024 and 2023, the changes in Level 3 assets and liabilities that are measured at fair value on a recurring basis.

	Three Months Ended March 31, 2024	2023
	(in thousands)	
Assets: Derivative and Forward Loan Sale Commitments:		
Balance at beginning of period	$ 484	$ 487
Total gains (losses) included in net income [1]	(35)	279
Balance at end of period	$ 449	$ 766
Changes in unrealized gains relating to instruments at period end	$ 449	$ 766
Liabilities: Derivative and Forward Loan Sale Commitments:		
Balance at beginning of period	$ (451)	$ (104)
Total gains (losses) included in net income [1]	401	(198)
Balance at end of period	$ (50)	$ (302)
Changes in unrealized losses relating to instruments at period end	$ (50)	$ (302)

[1] Included in mortgage banking income on the Consolidated Statements of Income.

Assets Measured at Fair Value on a Non-recurring Basis

The Company is required, on a non-recurring basis, to adjust the carrying value or provide valuation allowances for certain assets using fair value measurements in accordance with GAAP. The following is a summary of applicable non-recurring fair value measurements. There were no assets measured at fair value on a non-recurring basis at March 31, 2024. There are no liabilities measured at fair value on a non-recurring basis at March 31, 2024 or December 31, 2023.

	December 31, 2023		
	Level 1	Level 2	Level 3
		(in thousands)	
Collateral-dependent impaired loans	$ —	$ —	$ 5,746

Losses in the following table represent the amount of the fair value adjustments recorded during the period on the carrying value of the assets held at March 31, 2024 and December 31, 2023, respectively. Losses on fully charged off loans are not included in the table.

	Three Months Ended March 31,	
	2024	2023
	(in thousands)	
Collateral-dependent impaired loans	$ —	$ 29

The table below presents quantitative information about significant unobservable inputs (Level 3) for assets measured at fair value on a non-recurring basis at the dates indicated.

	Fair Value March 31, 2023	Valuation Technique
	(in thousands)	
Collateral-dependent impaired loans	$ 108	Sales Comparison Approach [1]

[1] Fair value is generally determined through independent appraisals of the underlying collateral, which includes unobservable inputs such as adjustments for differences between the comparable sales. The Company may also use another source of collateral assessment to determine a reasonable estimate of the fair value of the collateral. Appraisals may be adjusted by management for qualitative factors and estimated liquidation expenses. Generally, appraisals for residential real estate and commercial real estate loan are discounted 20%. Commercial and industrial appraisals are generally discounted 25%-50%. Management may take larger discounts to reflect market liquidity for certain types of assets not addressed in the appraisals.

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Summary of Fair Values of Financial Instruments

The estimated fair values, and related carrying or notional amounts, of the Company's financial instruments are as follows. Certain financial instruments and all nonfinancial instruments are exempt from disclosure requirements. Accordingly, the aggregate fair value amounts presented herein may not necessarily represent the underlying fair value of the Company.

	March 31, 2024				
	Carrying	Fair Value			
	Amount	Level 1	Level 2	Level 3	Total
	(in thousands)				
Financial assets:					
Cash and cash equivalents	$ 393,441	$ 393,441	$ —	$ —	$ 393,441
Securities available for sale	291,008	—	291,008	—	291,008
Securities held to maturity	19,724	—	19,102	—	19,102
Federal Home Loan Bank stock	26,565	N/A	N/A	N/A	N/A
Loans held for sale	16,434	—	16,434	—	16,434
Loans, net	4,728,500	—	—	4,500,663	4,500,663
Retirement plan annuities	15,315	—	—	15,315	15,315
Accrued interest receivable	19,470	—	19,470	—	19,470
Derivatives	31,006	—	30,557	449	31,006
Financial liabilities:					
Deposits	4,394,024	—	—	4,382,830	4,382,830
Borrowed funds	754,380	—	751,277	—	751,277
Mortgagors' escrow accounts	10,364	—	—	10,364	10,364
Accrued interest payable	7,302	—	7,302	—	7,302
Derivatives	25,415	—	25,365	50	25,415

	December 31, 2023				
	Carrying	Fair Value			
	Amount	Level 1	Level 2	Level 3	Total
	(in thousands)				
Financial assets:					
Cash and cash equivalents	$ 227,350	$ 227,350	$ —	$ —	$ 227,350
Securities available for sale	290,151	—	290,151	—	290,151
Securities held to maturity	19,796	—	19,262	—	19,262
Federal Home Loan Bank stock	27,098	N/A	N/A	N/A	N/A
Loans held for sale	19,686	—	19,686	—	19,686
Loans, net	4,702,339	—	—	4,482,448	4,482,448
Retirement plan annuities	15,170	—	—	15,170	15,170
Accrued interest receivable	18,169	—	18,169	—	18,169
Derivatives	28,824	—	28,340	484	28,824
Financial liabilities:					
Deposits	4,387,409	—	—	4,376,269	4,376,269
Borrowed funds	303,000	—	567,158	—	567,158
Subordinated debt		—	—	—	-
Mortgagors' escrow accounts	8,872	—	—	8,872	8,872
Accrued interest payable	5,251	—	5,251	—	5,251
Derivatives	24,551	—	24,100	451	24,551

15. EARNINGS PER SHARE

Basic EPS represents net income attributable to common shareholders divided by the weighted-average number of common shares outstanding during the period. Non-vested restricted shares that are participating securities are included in the computation of basic EPS. Diluted EPS is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding, plus the effect of potential dilutive common stock equivalents outstanding during the period. At March 31, 2024 and 2023, respectively, potential common shares of 105,836 and 134,155 were considered to be anti-dilutive and excluded from EPS.

The following table presents earnings per common share.

	Three Months Ended March 31,	
	2024	2023
Net income available to common stockholders (in thousands)	$ 7,300	$ 7,297
Average number of common shares outstanding	45,285,471	48,434,373
Less: Average unallocated ESOP shares and non-vested restricted shares	(3,373,050)	(3,577,149)
Weighted average number of common shares outstanding used to calculate basic earnings per common share	41,912,421	44,857,224
Dilutive effect of share-based compensation	214,616	427,016
Weighted average number of common shares outstanding used to calculate diluted earnings per common share	42,127,037	45,284,240
Earnings per common share:		
Basic	$ 0.17	$ 0.16
Diluted	$ 0.17	$ 0.16

16. REVENUE RECOGNITION

Revenue from contracts with customers in the scope of ASC Topic 606 is measured based on the consideration specified in the contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue from contracts with customers when it satisfies its performance obligations.

The Company's performance obligations are generally satisfied as services are rendered and can either be satisfied at a point in time or over time. Unsatisfied performance obligations at the report date are not material to our Consolidated Financial Statements.

In certain cases, other parties are involved with providing services to our customers. If the Company is a principal in the transaction (providing services itself or through a third party on its behalf), revenues are reported based on the gross consideration received from the customer and any related expenses are reported gross in noninterest expense. If the Company is an agent in the transaction (referring to another party to provide services), the Company reports its net fee or commission retained as revenue.

The Company recognizes revenue that is transactional in nature and such revenue is earned at a point in time. Revenue that is recognized at a point in time includes card interchange fees (fee income related to debit card transactions), ATM fees, wire transfer fees, overdraft charge fees, and stop-payment and returned check fees. Additionally, revenue is collected from loan fees, such as letters of credit, line renewal fees and application fees. Such revenue is derived from transactional information and is recognized as revenue immediately as the transactions occur or upon providing the service to complete the customer's transaction.

17. SEGMENT REPORTING

The Company has two reportable segments: HarborOne Bank and HarborOne Mortgage. Revenue from HarborOne Bank consists primarily of interest earned on loans and investment securities and service charges on deposit accounts. Revenue from HarborOne Mortgage comprises interest earned on loans and fees received as a result of the residential mortgage origination, sale and servicing process.

The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies. Segment profit and loss is measured by net income on a legal entity basis. Intercompany transactions are eliminated in consolidation.

HarborOne Bancorp, Inc.
Notes to Consolidated Financial Statements (unaudited)

Information about the reportable segments and reconciliation to the unaudited interim Consolidated Financial Statements at March 31, 2024 and 2023 and for the three months ended March 31, 2024 and 2023 is presented in the tables below.

	Three Months Ended March 31, 2024		
	HarborOne Bank	HarborOne Mortgage	Consolidated
		(in thousands)	
Net interest and dividend income	$ 30,485	$ 80	$ 30,582
Benefit for credit losses	(168)	—	(168)
Net interest and dividend income, after benefit for credit losses	30,653	80	30,750
Mortgage banking income:			
Gain on sale of mortgage loans	—	2,013	2,013
Intersegment gain (loss)	(236)	308	—
Changes in mortgage servicing rights fair value	(32)	86	54
Other	180	2,097	2,276
Total mortgage banking income	(88)	4,504	4,343
Other noninterest income	6,391	10	6,398
Total noninterest income	6,303	4,514	10,741
Noninterest expense	27,407	4,311	31,750
Income before income taxes	9,549	283	9,741
Provision for income taxes	2,386	60	2,441
Net income	$ 7,163	$ 223	$ 7,300
Total assets at period end	$ 5,867,715	$ 92,719	$ 5,862,222
Goodwill at period end	$ 59,042	$ —	$ 59,042

	Three Months Ended March 31, 2023		
	HarborOne Bank	HarborOne Mortgage	Consolidated
		(in thousands)	
Net interest and dividend income	$ 34,562	$ 327	$ 34,398
Provision for credit losses	1,866	—	1,866
Net interest and dividend income, after provision for credit losses	32,696	327	32,532
Mortgage banking income:			
Gain on sale of mortgage loans	—	2,224	2,224
Intersegment (loss) gain	(348)	454	—
Changes in mortgage servicing rights fair value	(136)	(1,556)	(1,692)
Other	201	2,015	2,216
Total mortgage banking (loss) income	(283)	3,137	2,748
Other noninterest income	5,942	—	5,942
Total noninterest income	5,659	3,137	8,690
Noninterest expense	26,190	5,322	31,509
Income(loss) before income taxes	12,165	(1,858)	9,713
Provision(benefit) for income taxes	3,115	(565)	2,416
Net income (loss)	$ 9,050	$ (1,293)	$ 7,297
Total assets at period end	$ 5,583,453	$ 109,090	$ 5,572,858
Goodwill at period end	$ 59,042	$ 10,760	$ 69,802

ITEM 2. 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 subsidiaries through a discussion of our financial condition at March 31, 2024, and our results of operations for the three months ended March 31, 2024 and 2023. This section should be read in conjunction with the unaudited interim Consolidated Financial Statements and Notes thereto of the Company appearing in Part I, Item 1 of this Form 10-Q.

Forward-Looking Statements

Certain statements herein constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act and are intended to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. We may also make forward-looking statements in other documents we file with the SEC, in our annual reports to shareholders, in press releases and other written materials, and in oral statements made by our officers, directors or employees. Such statements may be identified by words such as "believes," "will," "would," "expects," "project," "may," "could," "developments," "strategic," "launching," "opportunities," "anticipates," "estimates," "intends," "plans," "targets" and similar expressions. These statements are based upon the current beliefs and expectations of the Company's management and are subject to significant risks and uncertainties. Actual results may differ materially from those set forth in the forward-looking statements as a result of numerous factors. Factors that could cause such differences to exist include, but are not limited to, changes in general business and economic conditions (including inflation and concerns about liquidity) on a national basis and in the local markets in which the Company operates, including changes that adversely affect borrowers' ability to service and repay the Company's loans; changes in customer behavior; ongoing turbulence in the capital and debt markets and the impact of such conditions on the Company's business activities; changes in interest rates; increases in loan default and charge-off rates; decreases in the value of securities in the Company's investment portfolio; fluctuations in real estate values; the possibility that future credit losses may be higher than currently expected due to changes in economic assumptions, customer behavior or adverse economic developments; the adequacy of loan loss reserves; decreases in deposit levels necessitating increased borrowing to fund loans and investments; competitive pressures from other financial institutions; acquisitions may not produce results at levels or within time frames originally anticipated; cybersecurity incidents, fraud, natural disasters, war, terrorism, civil unrest, and future pandemics; changes in regulation; changes in accounting standards and practices; the risk that goodwill and intangibles recorded in the Company's financial statements will become impaired; demand for loans in the Company's market area; the Company's ability to attract and maintain deposits; risks related to the implementation of acquisitions, dispositions, and restructurings; the risk that the Company may not be successful in the implementation of its business strategy; changes in assumptions used in making such forward-looking statements and the risk factors described in the Annual Report on Form 10-K and Quarterly Reports on Form 10-Q as filed with the SEC, which are available at the SEC's website, www.sec.gov. Should one or more of these risks materialize or should underlying beliefs or assumptions prove incorrect, HarborOne's actual results could differ materially from those discussed. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this release. The Company disclaims any obligation to publicly update or revise any forward-looking statements to reflect changes in underlying assumptions or factors, new information, future events or other changes, except as required by law.

Critical Accounting Policies and Estimates

The Company's significant accounting policies are described in Note 1 to the Consolidated Financial Statements included in its most recent Annual Report on Form 10-K. Modifications to significant accounting policies made during the year are described in Note 1 to the Consolidated Financial Statements included in Item 1 of this report. The preparation of the Consolidated Financial Statements in accordance with GAAP and practices generally applicable to the financial services industry requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses, and to disclose contingent assets and liabilities. Actual results could differ from those estimates.

Certain of our accounting policies, which are important to the portrayal of our financial condition, 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 which 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.

Management has identified the Company's most critical accounting policies as related to:

- Allowance for Credit Losses
- Goodwill
- Deferred Tax Assets

The accounting policies and estimates, including the nature of the estimates and types of assumptions used, are described in Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, included in the Company's most recent Form 10-K and pertain to discussion in Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations, of this report.

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

Total Assets. Total assets increased $194.3 million, or 3.4%, to $5.86 billion at March 31, 2024 from $5.67 billion at December 31, 2023. The increase primarily reflects an increase of $168.6 million in short-term investments and a $26.4 million increase in loans. The increase in short-term investments reflects on-balance sheet liquidity.

Cash and Cash Equivalents. Cash and cash equivalents increased $166.1 million to $393.4 million at March 31, 2024 from $227.4 million at December 31, 2023, primarily due to an increase in short-term investments.

Loans Held for Sale. Loans held for sale at March 31, 2024 were $16.4 million, a decrease of $3.3 million from $19.7 million at December 31, 2023, reflecting lower loan production at HarborOne Mortgage.

Loans, net. Net loans increased $26.2 million, or 0.6%, to $4.73 billion at March 31, 2024 from $4.70 billion at December 31, 2023. The following table sets forth information concerning the composition of loans:

	March 31, 2024	December 31, 2023	Increase (Decrease) Dollars	Increase (Decrease) Percent
	(dollars in thousands)			
Residential real estate:				
One- to four-family	$ 1,507,959	$ 1,513,554	$ (5,595)	(0.4)%
Second mortgage and equity lines of credit	173,613	177,135	(3,522)	(2.0)
Residential construction	14,650	18,132	(3,482)	(19.2)
Total residential real estate loans	1,696,222	1,708,821	(12,599)	(0.7)
Commercial:				
Commercial real estate	2,355,672	2,343,675	11,997	0.5
Commercial construction	234,811	208,443	26,368	12.6
Commercial and industrial	471,215	466,443	4,772	1.0
Total commercial loans	3,061,698	3,018,561	43,137	1.4
Consumer loans	19,301	22,036	(2,735)	(12.4)
Total loans before basis adjustment	4,777,221	4,749,418	27,803	0.6 `
Basis adjustment associated with fair value hedge (1)	(536)	893	(1,429)	(160.0)
Total loans	4,776,685	4,750,311	26,374	0.6
Allowance for credit losses on loans	(48,185)	(47,972)	(213)	0.4
Loans, net	$ 4,728,500	$ 4,702,339	$ 26,161	0.6 %

(1) Represents the basis adjustment associated with the application of hedge accounting on certain residential real estate loans. Refer to *Note 10 - Derivatives.*

The growth in net loans primarily reflects commercial loan growth. Management continues to seek prudent commercial lending opportunities to deepen relationships with existing customers and develop new relationships with strong borrowers.

Securities. Investment securities available for sale at March 31, 2024 were $291.0 million, an increase of $857,000, or 0.3%, from $290.0 million at December 31, 2023. Securities available for sale were negatively impacted by unrealized losses of $67.0 million and $62.0 million as of March 31, 2024 and December 31, 2023, respectively. As of March 31, 2024 and December 31, 2023, the gross unrealized loss positions were primarily related to mortgage-backed securities and other obligations issued by U.S. government agencies or U.S. government-sponsored enterprises. These securities carry the explicit and/or implicit guarantee of the U.S. government and have a long history of zero credit loss. Total gross unrealized losses were primarily attributable to changes in interest rates relative to when the investment securities were purchased, and not due to the credit quality of the investment securities.

Securities held to maturity amounted to $19.7 million at March 31, 2024 and $19.8 million at December 31, 2023, with a fair value of $19.1 million and $19.3 million, respectively.

Mortgage servicing rights. MSRs are created as a result of our mortgage banking origination activities and accounted for at fair value. At March 31, 2024, we serviced mortgage loans for others with an aggregate outstanding principal balance of $3.52 billion. Total MSRs were $46.6 million at March 31, 2024 and $46.1 million at December 31, 2023. The change in total MSRs for the three months ended March 31, 2024 reflects additions of $211,000 million from new mortgage originations, amortization from loan repayments of $353,000 and a positive fair value mark of $628,000.

Quarterly, we utilize a third-party provider to assist in the determination of the fair value of our MSRs. They provide the appropriate prepayment speed, and discount and default rate assumptions based on our portfolio and key benchmark mortgage rates. Management reviews the assumptions and calculation. Any measurement of fair value is limited by the conditions existing and assumptions made at a particular point in time. Those assumptions may not be appropriate if they are applied at a different point in time.

The assumptions used in the MSR fair value calculation are significantly impacted by the residential mortgage benchmark indices. Decreasing mortgage rates normally encourages increased mortgage refinancing activity, which reduces the life of the loans underlying the MSRs, thereby reducing the value of MSRs, whereas increasing interest rates would result in increases in fair value, and a corresponding increase in earnings. MSRs recorded during periods of historically low interest rates may be less sensitive to falling rates in the future as they were originated in a low mortgage rate environment.

Deposits. Deposits were $4.39 billion at March 31, 2024 and December 31, 2023. The following table sets forth information concerning the composition of deposits:

	March 31, 2024	December 31, 2023	Increase (Decrease) Dollars	Percent
		(dollars in thousands)		
Noninterest-bearing deposits	$ 677,152	$ 659,973	$ 17,179	2.6 %
NOW accounts	305,018	305,774	(756)	(0.2)
Regular savings	1,110,404	1,265,315	(154,911)	(12.2)
Money market accounts	574,155	499,651	74,504	14.9
Term certificate accounts	852,326	858,241	(5,915)	(0.7)
Consumer and business deposits	3,519,055	3,588,954	(69,899)	(1.9)
Municipal deposits	487,043	471,817	15,226	3.2
Brokered deposits	387,926	326,638	61,288	18.8
Total deposits	$ 4,394,024	$ 4,387,409	$ 6,615	0.2 %
Reciprocal deposits included in total deposits	$ 394,931	$ 209,401	$ 185,530	88.6 %

Total deposits increased $6.6 million reflecting an increase of $61.3 million in brokered deposits and a $15.2 million increase in municipal deposits partially offset by a $69.9 million decrease in consumer and business deposits due to the competitive deposit pricing market. Brokered deposits provide a channel for the Company to seek additional funding outside the Company's core market. We participate in a reciprocal deposit program that provides access to FDIC-insured deposit products in aggregate amounts exceeding the current limits for depositors. Total deposits included $394.9 million in reciprocal deposits. The increase in reciprocal deposits primarily reflects municipal depositors increased utilization of the reciprocal deposit program, as municipal deposits are generally required to be insured or secured by FHLB letters of credit.

The total of estimated deposits in excess of the FDIC insurance limits amounted to $1.2 billion and $1.4 billion as of March 31, 2024 and December 31, 2023, respectively. Until February 24, 2023, insurance for deposits in excess of FDIC limits was provided through the DIF. On February 24, 2023, at 5 p.m. local time, the Bank exited DIF. All customer non-certificate deposits as of that date and time were covered by DIF insurance until February 24, 2024. Certificates of deposit as of 5 p.m. local time on February 24, 2023 remain covered by DIF insurance until their maturity date. The Company calculates its uninsured deposits based on the guidance provided by the FDIC for regulatory reporting purposes, which includes subsidiary deposits.

The following table summarizes uninsured deposits at the date indicated:

	March 31, 2024	December 31, 2023
	(in thousands)	
Uninsured deposits, per regulatory reporting requirements	$ 1,192,944	$ 1,420,431
Less: Subsidiary deposits	355,282	349,748
Collateralized deposits	197,871	17,892
Uninsured deposits, after exclusions	$ 639,791	$ 1,052,791

Uninsured deposits, after excluding subsidiary deposits and collateralized deposits, represented 15% of total deposits at March 31, 2024. Management believes that this provides a more informative view of uninsured deposits, as subsidiary deposits are eliminated in consolidation and collateralized deposits are secured.

Borrowed Funds. Borrowings increased $185.9 million to $754.4 million at March 31, 2024 from $568.5 million at December 31, 2023. At March 31, 2024, FHLB short-term borrowings were $235.0 million and long-term borrowings were $344.4 million. The Company borrowed $175 million for a one-year term under the BTFP during the first quarter of 2024. As of March 31, 2024, the Bank had $921.1 million in available borrowing capacity across multiple relationships.

Stockholders' equity. Total stockholders' equity was $577.7 million at March 31, 2024, compared to $583.8 million at December 31, 2023 and $599.8 million at March 31, 2023. Stockholders' equity decreased 1.0% when compared to the year end, as earnings were offset by share repurchases and an increase in unrealized loss on available-for-sale securities. As of March 31, 2024, the Company's sixth share repurchase program, commenced in the third quarter of 2023, is ongoing with 1,781,950 shares repurchased since commencement, at an average price of $10.15, including $0.10 per share of excise tax.

The tangible-common-equity-to-tangible-assets ratio (non-GAAP) was 8.92% at March 31, 2024, 9.33% at December 31, 2023, and 9.60% at March 31, 2023. At March 31, 2024, the capital levels of both the Company and the Bank exceeded all regulatory capital requirements, and their regulatory capital ratios were above the minimum levels required to be considered well capitalized for regulatory purposes. The capital levels of both the Company and the Bank at March 31, 2024, also exceeded the minimum capital requirements, including the currently applicable capital conservation buffer of 2.5%. Regulatory capital ratios are not impacted by the decline in other comprehensive income as a result of the unrealized losses on available-for-sale investment securities.

Comparison of Results of Operations for the Three Months Ended March 31, 2024 and 2023

HarborOne Bancorp, Inc. Consolidated

Overview. Consolidated net income for the three months ended March 31, 2024 and 2023 was $7.3 million.

Average Balances and Yields. The following tables set forth average balance sheets, annualized average yields and costs, and certain other information for the periods indicated, on a consolidated basis. Interest income on tax-exempt loans and securities has been adjusted to a fully taxable-equivalent basis using a federal tax rate of 21%. All average balances are daily average balances. Non-accrual loans were included in the computation of average balances but have been reflected in the table as loans carrying a zero yield. The yields set forth below include the effect of deferred fees, discounts, and premiums that are amortized or accreted to interest income or expense.

	Three Months Ended March 31,					
	2024			2023		
	Average Outstanding Balance	Interest	Yield/ Cost [8]	Average Outstanding Balance	Interest	Yield/ Cost [8]
	(dollars in thousands)					
Interest-earning assets:						
Investment securities [1]	$ 372,787	$ 2,065	2.23 %	$ 387,303	$ 2,079	2.18 %
Other interest-earning assets	356,470	4,659	5.26	63,426	803	5.13
Loans held for sale	14,260	243	6.85	18,108	286	6.41
Loans						
Commercial loans [2][3]	3,040,835	41,653	5.51	2,901,464	36,837	5.15
Residential real estate loans [3][4]	1,700,694	18,175	4.30	1,647,109	15,616	3.85
Consumer loans [3]	20,539	358	7.01	36,310	519	5.80
Total loans	4,762,068	60,186	5.08	4,584,883	52,972	4.69
Total interest-earning assets	5,505,585	67,153	4.91	5,053,720	56,140	4.51
Noninterest-earning assets	299,153			313,309		
Total assets	$ 5,804,738			$ 5,367,029		
Interest-bearing liabilities:						
Savings accounts	$ 1,186,201	5,523	1.87	$ 1,459,392	5,445	1.51
NOW accounts	289,902	75	0.10	275,801	36	0.05
Money market accounts	994,353	9,313	3.77	824,694	5,238	2.58
Certificates of deposit	855,070	8,554	4.02	552,636	2,685	1.97
Brokered deposits	356,459	3,434	3.87	330,426	2,509	3.08
Total interest-bearing deposits	3,681,985	26,899	2.94	3,442,949	15,913	1.87
Borrowings	764,623	9,423	4.96	448,096	5,105	4.62
Subordinated debentures	—	—	-	34,298	523	6.18
Total borrowings	764,623	9,423	4.96	482,394	5,628	4.73
Total interest-bearing liabilities	4,446,608	36,322	3.29	3,925,343	21,541	2.23
Noninterest-bearing liabilities:						
Noninterest-bearing deposits	654,436			721,536		
Other noninterest-bearing liabilities	119,289			101,820		
Total liabilities	5,220,333			4,748,699		
Total equity	584,405			618,330		
Total liabilities and equity	$ 5,804,738			$ 5,367,029		
Tax equivalent net interest income		30,831			34,599	
Tax equivalent interest rate spread [5]			1.62 %			2.28 %
Less: tax equivalent adjustment		249			201	
Net interest income as reported		$ 30,582			$ 34,398	
Net interest-earning assets [6]	$ 1,058,977			$ 1,128,377		
Net interest margin [7]			2.23 %			2.76 %
Tax equivalent effect			0.02			0.02
Net interest margin on a fully tax equivalent basis			2.25 %			2.78 %
Ratio of interest-earning assets to interest-bearing liabilities	123.82 %			128.75 %		
Supplemental information:						
Total deposits, including demand deposits	$ 4,336,421	$ 26,899		$ 4,164,485	$ 15,913	
Cost of total deposits			2.49 %			1.55 %
Total funding liabilities, including demand deposits	$ 5,101,044	$ 36,322		$ 4,646,879	$ 21,541	
Cost of total funding liabilities			2.86 %			1.88 %

[1] Includes securities available for sale and securities held to maturity.
[2] Includes industrial revenue bonds . Interest income from tax exempt loans is computed on a taxable equivalent basis using a rate of 21% for the quarters presented.

[3] Includes nonaccruing loan balances and interest received on such loans.

[4] Includes the basis adjustments of certain loans included in fair value hedging relationships for the quarter ended March 31, 2024.
[5] Net interest rate spread represents the difference between the yield on average interest-earning assets and the cost of average interest-bearing liabilities.

[6] Net interest-earning assets represents total interest-earning assets less total interest-bearing liabilities.

[7] Net interest margin represents net interest income divided by average total interest-earning assets.

(8) Annualized.

Rate/Volume Analysis. The following table presents the effects of changing rates and volumes on our net interest income for the periods indicated, on a consolidated basis. 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 total column represents the sum of the prior columns. For purposes of this table, changes attributable to both rate and volume, which cannot be segregated, have been allocated proportionately based on the changes due to rate and the changes due to volume.

	Three Months Ended March 31, 2024 v. 2023		
	Increase (Decrease) Due to Changes in		Total Increase
	Volume	Rate	(Decrease)
	(in thousands)		
Interest-earning assets:			
Investment securities	$ (69)	$ 55	$ (14)
Other interest-earning assets	3,837	19	3,856
Loans held for sale	(63)	20	(43)
Loans			
Commercial loans	2,038	2,778	4,816
Residential real estate loans	563	1,996	2,559
Consumer loans	(213)	52	(161)
Total loans	2,388	4,826	7,214
Total interest-earning assets	6,093	4,920	11,013
Interest-bearing liabilities:			
Savings accounts	(1,121)	1,199	78
NOW accounts	2	37	39
Money market accounts	1,254	2,821	4,075
Certificates of deposit	2,021	3,848	5,869
Brokered deposit	216	709	925
Total interest-bearing deposits	2,372	8,614	10,986
Borrowings	3,915	403	4,318
Subordinated debentures	(261)	(262)	(523)
Total borrowings	3,654	141	3,795
Total interest-bearing liabilities	6,026	8,755	14,781
Change in net interest income	$ 67	$ (3,835)	$ (3,768)

Interest and Dividend Income. Interest and dividend income on a tax equivalent basis increased $11.0 million, or 19.6%, to $67.2 million for the three months ended March 31, 2024, compared to $56.1 million for the three months ended March 31, 2023. The significant components of the increase were:

- Interest and fees on loans on a tax equivalent basis increased $7.2 million, or 13.6%, reflecting loan growth and a 39-basis-point increase in the yield.

- Interest income on other earning assets increased $3.9 million, or 480.2%, reflecting an increase in the average balance and interest rates of federal funds.

Interest Expense. Interest expense increased $14.8 million, or 68.6%, to $36.3 million for the three months ended March 31, 2024 from $21.5 million for the three months ended March 31, 2023. The significant components of the increase were:

- Interest expense on deposits increased $11.0 million, or 69.0%, reflecting deposit growth and a 106 basis-point increase in rates paid.

- Interest expense on borrowings increased $3.8 million, or 67.4%, reflecting an increase in the average balance and a 23-basis-point increase in the cost of borrowings.

Net Interest and Dividend Income. Net interest and dividend income on a tax equivalent basis decreased $3.8 million, or 10.9%, to $30.8 million for the three months ended March 31, 2024 from $34.6 million for the three months ended March 31, 2023. The average balance of interest bearing assets and liabilities increased $451.9 million and $521.3 million, respectively, and rate increases on interest-bearing liabilities outpaced the increase in the yield on interest-earning assets by 66 basis points. The net interest spread was 1.62% for the three months ended March 31, 2024 compared to 2.28% for the three months ended March 31, 2023 and net interest margin on a full tax equivalent basis decreased 53 basis points to 2.25% for the three months ended March 31, 2024 from 2.78% for three months ended March 31, 2023.

Income Tax Provision. The provision for income taxes and effective tax rate for the three months ended March 31, 2024 were $2.4 million and 25.1%, respectively, compared to $2.4 million and 24.9%, respectively, for the three months ended March 31, 2023.

Segments. The Company has two reportable segments: HarborOne Bank and HarborOne Mortgage. Revenue from HarborOne Bank consists primarily of interest earned on loans and investment securities and service charges on deposit accounts. Revenue from HarborOne Mortgage is comprised of interest earned on loans and fees received as a result of the residential mortgage origination, sale and servicing process. Residential real estate portfolio loans are originated by HarborOne Mortgage and purchased by the Bank.

The tables below show the results of operations for the Company's segments, HarborOne Bank and HarborOne Mortgage, for the three months ended March 31, 2024 and 2023, and the increase or decrease in those results:

	HarborOne Bank				HarborOne Mortgage			
	Three Months Ended March 31,		Increase (Decrease)		Three Months Ended March 31,		Increase (Decrease)	
	2024	2023	Dollars	Percent	2024	2023	Dollars	Percent
	(dollars in thousands)							
Net interest and dividend income	$ 30,485	$ 34,562	$ (4,077)	(11.8)%	$ 80	$ 327	$ (247)	(75.5)%
Provision (benefit) for credit losses	(168)	1,866	(2,034)	(109.0)	—	—	—	—
Net interest and dividend income, after provision (benefit) for credit losses	30,653	32,696	(2,043)	(6.2)	80	327	(247)	(75.5)
Mortgage banking income:								
Gain on sale of mortgage loans	—	—	—	—	2,013	2,224	(211)	(9.5)
Intersegment gain (loss)	(236)	(348)	112	32.2	308	454	(146)	(32.2)
Changes in mortgage servicing rights fair value	(32)	(136)	104	(76.5)	86	(1,556)	1,642	105.5
Other	180	201	(21)	(10.4)	2,097	2,015	82	4.1
Total mortgage banking income (loss)	(88)	(283)	195	68.9	4,504	3,137	1,367	43.6
Other noninterest income (loss)	6,391	5,942	449	7.6	10	—	10	-
Total noninterest income	6,303	5,659	644	11.4	4,514	3,137	1,377	43.9
Noninterest expense	27,407	26,190	1,217	4.6	4,311	5,322	(1,011)	(19.0)
Income (loss) before income taxes	9,549	12,165	(2,616)	(21.5)	283	(1,858)	2,141	115.2
Provision (benefit) for income taxes	2,386	3,115	(729)	(23.4)	60	(565)	625	110.6
Net income (loss)	$ 7,163	$ 9,050	$ (1,887)	(20.9)%	$ 223	$ (1,293)	$ 1,516	117.2 %

HarborOne Bank Segment

Results of Operations for the Three Months Ended March 31, 2024 and 2023

Net Income. The Bank's net income decreased $1.9 million to $7.2 million for the three months ended March 31, 2024 compared to $9.1 million for the three months ended March 31, 2023. The decrease in net income reflects a decrease of $4.1 million, or 11.8%, in net interest and dividend income and a $1.2 million, or 4.6%, increase in noninterest expense, partially offset by a decrease in provision for credit losses of $2.0 million, or 109.0%, and a $644,000, or 11.4%, increase in noninterest income.

Provision for Credit Losses. The Bank recorded a $168,000 negative provision for credit losses for the quarter ended March 31, 2024. The provision for loan credit losses was $338,000, offset by a negative provision of $506,000 for unfunded commitments. The Bank recorded provision for credit losses of $1.9 million the three months ended March 31, 2023, a result of a provision for loan credit losses of $1.7 million and a $119,000 provision for unfunded commitments. Net charge-offs totaled $125,000, or 0.01%, of average loans outstanding on an annualized basis, for the quarter ended March 31, 2024. Net recoveries totaled $11,000 for the quarter ended March 31, 2023. Loan credit loss provisioning primarily reflects replenishment of the ACL on loans due to charge-offs and loan growth.

Total nonperforming assets were $12.2 million at March 31, 2024, compared to $17.6 million at December 31, 2023 and $12.3 million at March 31, 2023. Nonperforming assets as a percentage of total assets were 0.21% at March 31, 2024, 0.31% at December 31, 2023, and 0.22% at March 31, 2023. During the first quarter of 2024, a single credit included in the metro office space loan segment with a carrying value of $5.7 million, considered nonperforming in the prior quarter, was paid with a partial recovery of $99,000.

Noninterest Income. Total noninterest income was $6.3 million for the three months ended March 31, 2024 compared to $5.7 million in the prior year period. The following table sets forth the components of noninterest income:

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Increase (Decrease) Dollars	Increase (Decrease) Percent
	(dollars in thousands)			
Intersegment loss	$ (236)	$ (348)	$ 112	32.2 %
Secondary market loan servicing fees, net of guarantee fees	180	201	(21)	(10.4)
Changes in mortgage servicing rights fair value	(32)	(136)	104	76.5
Total mortgage banking income (loss)	(88)	(283)	195	68.9 %
Interchange fees	2,566	2,502	64	2.6
Other deposit account fees	2,417	2,231	186	8.3
Income on retirement plan annuities	145	119	26	21.8
Bank-owned life insurance income	746	500	246	49.2
Swap fee income	73	178	(105)	(59.0)
Other	444	412	32	7.8
Total noninterest income	$ 6,303	$ 5,659	$ 644	11.4 %

The primary reasons for the variances within the noninterest income categories shown in the preceding table are noted below:

- The Bank records an intersegment loss on loans purchased from HarborOne Mortgage that is offset in consolidation. The Bank purchased $16.8 million of residential mortgage loans from HarborOne Mortgage during the three months ended March 31, 2024 as compared to $52.6 million for the prior year period.
- The change in the MSR fair value is generally consistent with the change in key benchmark residential mortgage rates. As interest rates rise and prepayment speeds decrease, MSR fair value tends to increase. Conversely, when interest rates fall and prepayment speeds increase, MSR fair value tends to decrease. Future interest rate increases will not necessarily equate to MSR fair value increases in the future as price caps impact the fair value calculation.

- The increase in other deposit account fees reflects an increase in overdraft protection fees of $71,000 and an increase in fees on business accounts of $86,000 for the three months ended March 31, 2024.
- Swap fee income is collected and recorded at the time the swap contract is entered into, and therefore income fluctuates as a function of the swap agreements entered into in a period.
- BOLI income increased $246,000 due to updated crediting rates.

Noninterest Expense. Total noninterest expense was $27.4 million for the three months ended March 31, 2024 compared to $26.2 million prior year period. The following table sets forth the components of noninterest expense:

	Three Months Ended March 31,		Increase (Decrease)	
	2024	2023	Dollars	Percent
	(dollars in thousands)			
Compensation and benefits	$ 15,307	$ 14,764	$ 543	3.7 %
Occupancy and equipment	4,150	4,295	(145)	(3.4)
Data processing expenses	2,470	2,305	165	7.2
Loan expenses	71	87	(16)	(18.4)
Marketing	783	1,063	(280)	(26.3)
Deposit expenses	690	534	156	29.2
Postage and printing	424	442	(18)	(4.1)
Professional fees	1,056	996	60	6.0
Foreclosed and repossessed assets	4	(17)	21	123.5
Deposit insurance	1,164	510	654	128.2
Other expenses	1,288	1,211	77	6.4
Total noninterest expense	$ 27,407	$ 26,190	$ 1,217	4.6 %

The primary reasons for the significant variances within the noninterest expense categories shown in the preceding table are noted below:

- The increase in compensation expense primarily reflects higher incentive expense. There was no incentive expense recorded in the first quarter of 2023, consistent with forecasted results at that time.
- The decrease in occupancy expense reflects a decrease in utilities and building maintenance.
- Data processing expenses increased due to an increase in core system processing fees.
- The decrease in marketing reflects timing of product promotions.
- The increase in deposit insurance reflects a two-basis-point increase in the insurance rate and base increase.

HarborOne Mortgage Segment

Results of Operations for the Three Months March 31, 2024 and 2023

Net Income. HarborOne Mortgage recorded net income of $223,000 for the three months ended March 31, 2024, compared to a net loss of $1.3 million for the prior year period. The HarborOne Mortgage segment's results are heavily impacted by prevailing interest rates, refinancing activity, and home sales.

Noninterest Income. Total noninterest income was $4.5 million for the three months ended March 31, 2024 as compared to $3.1 million for the prior year period. Noninterest income is primarily from mortgage banking income, for which the following table provides further detail:

	Three Months Ended March 31,				Increase (Decrease)		
	2024		2023		Dollars		Percent
	(dollars in thousands)						
Gain on sale of mortgage loans	$	2,013	$	2,224	$	(211)	(9.5)%
Intersegment gain		308		454		(146)	(32.2)
Processing, underwriting and closing fees		319		276		43	15.6
Secondary market loan servicing fees net of guarantee fees		1,778		1,739		39	2.2
Changes in mortgage servicing rights fair value		86		(1,556)		1,642	105.5
Other		10		—		10	NM
Total mortgage banking income	$	4,514	$	3,137	$	1,377	43.9 %
Originated mortgage servicing rights included in gain on sale of mortgage loans	$	211	$	634	$	(423)	(66.7)%
Change in 10-year Treasury Constant Maturity rate in basis points		32		(40)			

The primary reasons for the significant variances in the noninterest income category shown in the preceding table are noted below:

- The change in the MSR fair value is generally consistent with the change in key benchmark residential mortgage rates. As interest rates rise and prepayment speeds decrease, MSR fair value tends to increase. Conversely, when interest rates fall and prepayment speeds increase, MSR fair value tends to decrease. The change in the MSR fair value for the three months ended March 31, 2024, reflects the increase of benchmark residential rates at March 31, 2024, muted by MSR price caps used in the valuation model, offset with amortization related to principal payments. During the first quarter of 2024, HarborOne Mortgage executed an economic hedge to partially mitigate potential MSR valuation losses in a declining rate environment. As a result, the MSR valuation gain was also partially offset by a $221,000 hedging loss in the quarter. Future interest rate increases will not necessarily equate to MSR fair value increases in the future as price caps impact the fair value calculation.

- Gain on sale of mortgages decreased as mortgage demand remains weak on higher interest rates compared to the respective prior year period.

The following tables provide additional loan production detail:

	Three Months Ended March 31,					
	2024			2023		
	Loan Amount		% of Total	Loan Amount		% of Total
	(dollars in thousands)					
Product Type						
Conventional	$	74,582	73.0 %	$	62,421	49.7 %
Government		12,226	12.0		9,911	7.9
State Housing Agency		4,542	4.4		6,930	5.5
Jumbo		10,703	10.6		46,305	36.9
Seconds		49	0.0		30	0.0
Total	$	102,102	100.0 %	$	125,597	100.0 %
Purpose						
Purchase	$	84,002	82.3 %	$	116,048	92.4 %
Refinance		14,523	14.2		9,109	7.2
Construction		3,577	3.5		440	0.4
Total	$	102,102	100.0 %	$	125,597	100.0 %

Noninterest Expense. Total noninterest expense was $4.3 million for the three months ended March 31, 2024 compared to $5.3 million prior year period. The following table sets forth the components of noninterest expense:

	Three Months Ended March 31,		Increase (Decrease)	
	2024	2023	Dollars	Percent
	(dollars in thousands)			
Compensation and benefits	$ 2,919	$ 3,575	$ (656)	(18.3)%
Occupancy and equipment	604	701	(97)	(13.8)
Data processing expenses	9	41	(32)	(78.0)
Loan expenses	304	226	78	34.5
Marketing	33	118	(85)	(72.0)
Postage and printing	12	10	2	20.0
Professional fees	132	257	(125)	(48.6)
Other expenses	298	394	(96)	(24.4)
Total noninterest expense	$ 4,311	$ 5,322	$ (1,011)	(19.0)%

The primary reasons for the significant variances within the noninterest expense categories shown in the preceding table are noted below:

- The decrease in compensation and benefits primarily reflects decreased commission expense consistent with the changes in mortgage origination volumes and decreased staffing levels.
- Occupancy and equipment expense reflects decreased lease expense due to fewer offices.
- The decrease in professional fees reflects lower utilization of consulting services; and
- The decrease in other expenses reflects decreased intercompany management fees.

Asset Quality

The following table provides information with respect to our nonperforming assets at the dates indicated. We did not have any accruing loans past due 90 days or more at the dates presented.

	March 31, 2024	December 31, 2023
	(dollars in thousands)	
Non-accrual loans:		
Residential real estate:		
One- to four-family	$ 8,158	$ 7,785
Second mortgages and equity lines of credit	708	473
Commercial real estate	1,496	7,416
Commercial construction	—	—
Commercial and industrial	1,744	1,791
Consumer	54	48
Total non-accrual loans	12,160	17,513
Other real estate owned and repossessed assets:		
One- to four-family residential real estate owned	—	—
Other repossessed assets	41	69
Total nonperforming assets and performing troubled debt restructurings	$ 12,201	$ 17,582
Period end allowance for credit losses balance	48,185	47,972
Period end total loan balance	4,776,685	4,750,311
Allowance for credit losses to total loans[(1)]	1.01 %	1.01 %
Allowance for credit losses to non-accrual loans	396.26 %	273.92 %
Total nonperforming loans to total loans [(1)]	0.25 %	0.37 %
Total nonperforming assets to total assets	0.21 %	0.31 %

[(1)] Total loans are presented before allowance for credit losses, but include deferred loan origination costs (fees), net, and the basis adjustment associated with the application of hedge accounting on certain residential real estate loans. Refer to *Note 10 - Derivatives.*

Credit quality performance has remained strong, with total nonperforming assets of $12.2 million at March 31, 2024, compared to $17.6 million at December 31, 2023 and $12.3 million at March 31, 2023. Nonperforming assets as a percentage of total assets were 0.21% at March 31, 2024, 0.31% at December 31, 2023, and 0.22% at March 31, 2023.

Management continues to closely monitor the loan portfolio for signs of deterioration in light of speculation that commercial real estate values may deteriorate as the market adjusts to higher vacancies and interest rates. The commercial real estate portfolio is centered in New England, with approximately 75% of the portfolio secured by property located in Massachusetts and Rhode Island. Approximately 60% of the commercial real estate loans are fixed-rate loans with, in the opinion of management, limited near-term maturity risk. As of March 31, 2024 commercial loans rated "watch" amounted to $67.9 million, compared to $30.6 million at December 31, 2023. Loans are rated "watch" at the point when there are signs of potential weakness. Approximately 41% of the increase is due to one credit included in the office category. Management performs comprehensive reviews and works proactively with creditworthy borrowers facing financial distress and implements prudent workouts and accommodations to improve the Bank's prospects of contractual repayment.

Three sub-sectors that management identified as potentially more susceptible to weakness include business-oriented hotels, non-anchored retail space, and metro office space. As of March 31, 2024, business-oriented hotels loans included 14 loans with a total outstanding balance of $122.0 million, non-anchored retail space loans included 28 loans with a total outstanding balance of $44.6 million, and metro office space loans included one loan with a total outstanding balance of $5.1 million. There is one business-oriented hotel credit with a carrying value of $1.8 million that was rated substandard and on nonaccrual. The other loans in these groups were performing in accordance with their terms.

Management employs a process and methodology to estimate the ACL on loans that evaluates both quantitative and qualitative factors. The methodology for evaluating quantitative factors consists of two basic components. The first component involves pooling loans into portfolio segments for loans that share similar risk characteristics. A DCF methodology is used to estimate credit losses for each pooled portfolio segment. The methodology incorporates the probability of default and loss given default. Management utilizes the national unemployment rate as an econometric factor with a one-year forecast period and one-year straight-line reversion period to its historical mean in order to estimate the probability of default for each loan portfolio segment. Utilizing a third-party regression model, the forecasted national unemployment rate is correlated with the probability of default for each loan portfolio segment. The DCF methodology combines the probability of default, the loss given default, maturity date and prepayment speeds to estimate a reserve for each loan. The sum of all the loan level reserves is aggregated for each portfolio segment and a loss rate factor is derived. Quantitative loss factors for pooled loans are also supplemented by certain qualitative risk factors reflecting management's view of how losses may vary from those represented by quantitative loss rates.

The second component involves individually analyzed loans that do not share similar risk characteristics with loans that are pooled into portfolio segments. For loans that are individually analyzed, the ACL is measured using a DCF methodology based upon the loan's contractual effective interest rate, or at the loan's observable market price, or, if the loan is collateral-dependent, at the fair value of the collateral.

In estimating the ACL on loans, management considers the sensitivity of the model and significant judgments and assumptions that could result in an amount that is materially different from management's estimate. Management performed a sensitivity analysis to understand the impact of hypothetical changes in qualitative loss factors on the ACL. Due to the concentration of the Bank's ACL allocation in the total commercial portfolio, the sensitivity analysis evaluated the impact of changes to commercial loan segments. At March 31, 2024, the potential impact of changes to Management's judgements on total commercial qualitative risk factors ranged between a $14.2 million reduction and $13.6 million increase in the ACL. This sensitivity analysis does not represent a change to management's judgment, but rather provides a hypothetical result to assess the sensitivity of the ACL to a key input.

The ACL was $48.2 million, or 1.01% of total loans, at March 31, 2024, compared to $48.0 million, or 1.01% of total loans, at December 31, 2023. The ACL on individually analyzed loans amounted to $72,000, 0.59% of the carrying value of individually analyzed loans. The ACL on unfunded commitments, included in other liabilities on the unaudited Consolidated Balance Sheets, amounted to $3.4 million at March 31, 2024, compared to $3.9 million at December 31, 2023 and $5.0 million at March 31, 2023.

The following table sets forth the breakdown of the ACL by loan category at the dates indicated:

	March 31, 2024			December 31, 2023		
	Amount	% of Allowance Amount to Total Allowance	% of Loans in Category to Total Loans	Amount	% of Allowance Amount to Total Allowance	% of Loans in Category to Total Loans
	(dollars in thousands)					
Residential real estate:						
One- to four-family	$ 12,035	24.98 %	31.57 %	$ 12,101	25.22 %	31.87 %
Second mortgages and equity lines of credit	942	1.95	3.63	964	2.01	3.73
Residential construction	331	0.69	0.31	418	0.87	0.38
Commercial real estate	21,263	44.13	49.31	21,288	44.38	49.35
Commercial construction	5,322	11.04	4.92	4,824	10.06	4.39
Commercial and industrial	8,063	16.73	9.86	8,107	16.90	9.82
Consumer	229	0.48	0.40	270	0.56	0.46
Total allowance for loan credit losses	$ 48,185	100.00 %	100.00 %	$ 47,972	100.00 %	100.00 %

The following table sets forth net charge-offs (recoveries) and the ratio of annualized net charge-offs (recoveries) to average loans for the periods indicated:

	Three Months Ended March 31,					
	2024			2023		
	Average Balance	Net Charge-offs (Recoveries)	Net Charge-off (Recovery) Rate	Average Balance	Net Charge-offs (Recoveries)	Net Charge-off (Recovery) Rate
	(dollars in thousands)					
Residential real estate:						
One- to four-family	$ 1,509,433	$ —	— %	$ 1,446,937	$ (1)	(0.00)%
Second mortgages and equity lines of credit	175,084	(3)	(0.01)%	165,861	(7)	(0.02)%
Residential real estate construction	16,177	—	— %	34,311	—	— %
Total residential real estate loans	$ 1,700,694	$ (3)	(0.00)%	$ 1,647,109	$ (8)	(0.00)%
Commercial:						
Commercial real estate	$ 2,457,496	$ (100)	(0.02)%	$ 2,371,599	$ (1)	(0.00)%
Commercial construction	221,460	—	— %	208,018	—	— %
Commercial and industrial	361,879	182	0.20 %	321,847	7	0.01 %
Total commercial loans	$ 3,040,835	$ 82	0.01 %	$ 2,901,464	$ 6	0.00 %
Total Consumer loans	$ 20,539	$ 46	0.90 %	$ 36,310	$ (9)	(0.10)%
Total loans	$ 4,762,068	$ 125	0.01 %	$ 4,584,883	$ (11)	(0.00)%

Net charge-offs were $125,000, or 0.01% of average loans outstanding, on an annualized basis for the three months ended March 31, 2024, and net recoveries were $11,000 for the three months ended March 31, 2023.

Management of Market Risk

The principal market risk facing the Company is interest-rate risk. The Company's Asset/Liability Committee establishes exposure limits that govern the Company's tolerance for interest-rate risk. The policy limits and guidelines serve as benchmarks for measuring interest-rate risk and for providing a framework for evaluation and interest-rate risk-management decision making. The Company's primary measure of its interest-rate risk is an income simulation model and an economic value of equity analysis.

Net Interest Income Analysis. The Company uses income simulation as the primary tool for measuring interest-rate risk inherent in our balance sheet at a given point in time by showing the effect on net interest income, over specified time frames, of instantaneous parallel shifts in market rates. For simulation purposes, the Company's balance sheet is assumed to remain static over the simulation horizon. The model results are dependent on material assumptions. These assumptions include, but are not limited to, management's best assessment of the effect of changing interest rates on the prepayment speeds of certain assets and liabilities, projections for account balances in each of the product lines offered and the historical behavior of deposit rates and balances in relation to changes in interest rates (deposit betas). These assumptions are inherently changeable, and as a result, the model is not expected to precisely measure net interest income or precisely predict the impact of fluctuations in interest rates on net interest income. Actual results will differ from the simulated results due to timing, magnitude, and frequency of interest rate changes as well as changes in the balance sheet composition and market conditions. Assumptions are supported with quarterly back-testing of the model to actual market rate shifts.

The table below sets forth, as of March 31, 2024 and 2023, the net interest income simulation results that estimate the impact of interest rate changes on the Company's estimated net interest income over two years:

Changes in Interest Rates (basis points) [1]	Change in Net Interest Income (% change from year one base) March 31, 2024 Year One	March 31, 2024 Year Two	March 31, 2023 Year One	March 31, 2023 Year Two
+300	(9.7)%	(14.5)%	(14.9)%	(13.5)%
+200	(6.4)%	(9.4)%	(9.6)%	(8.1)%
+100	(3.1)%	(4.3)%	(4.6)%	(3.6)%
-100	3.6 %	5.5 %	4.1 %	2.2 %
-200	3.9 %	5.5 %	6.3 %	0.6 %

(1) The calculated change in net interest income assumes an instantaneous parallel shift of the yield curve.

Economic Value of Equity Analysis. The Company also uses the net present value of EVE methodology. This methodology calculates the difference between the present value of expected cash flows from assets and liabilities. The comparative scenarios assume an immediate parallel shift in the yield curve up 100, 200, and 300 basis points and down 100 basis points.

The table below sets forth, as of March 31, 2024 the estimated changes in the EVE that would result from an instantaneous parallel shift in interest rates. Computations of prospective effects of hypothetical interest rate changes are based on numerous assumptions, including relative levels of market interest rates, loan prepayments and deposit decay, and should not be relied upon as indicative of actual results.

At March 31, 2024

Changes in Interest Rates (basis points) [1]	Estimated EVE	Estimated Increase (Decrease) in EVE Amount	Estimated Increase (Decrease) in EVE Percent	EVE as a Percentage of Economic Value of Assets EVE Ratio [2]	EVE as a Percentage of Economic Value of Assets Changes in Percent
		(dollars in thousands)			
+ 300	$ 397,055	$ (190,112)	(32.4)%	7.8 %	(2.9)%
+ 200	466,345	(120,822)	(20.6)	9.0	(1.7)
+ 100	534,351	(52,816)	(9.0)	10.0	(0.7)
0	587,167	—	—	10.7	—
- 100	625,139	37,973	6.5	11.1	0.4
- 200	597,234	10,068	1.7	10.3	(0.4)

(1) Assumes instantaneous parallel changes in interest rates.

(2) EVE Ratio represents EVE divided by the economic value of assets.

The board of directors and management review the methodology's measurements for both net interest income and EVE on a quarterly basis to determine whether the exposure resulting from the changes in interest rates remains within established tolerance levels and develop appropriate strategies to manage this exposure.

Liquidity Management and Capital Resources

Liquidity measures the Company's ability to meet both current and future financial obligations of a short- and long-term nature. Our primary sources of funds consist of deposit inflows, loan repayments, maturities and sales of securities, and borrowings from the FHLB. 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.

The objective of our liquidity risk management process is to manage cash flow and liquidity in an effort to provide continuous access to sufficient, reasonably priced funds. Funding requirements are impacted by loan originations and refinancings, deposit balance changes, liability issuances and settlements, and off-balance sheet funding commitments. We consider and comply with various regulatory guidelines regarding required liquidity levels and periodically monitor our liquidity position in light of the changing economic environment and customer activity. Based on periodic liquidity assessments, we may alter our asset, liability, and off-balance sheet positions. Management regularly adjusts our investments in liquid assets based upon an assessment of (i) expected loan demand, (ii) expected deposit flows, (iii) yields available on interest-earning deposits and securities, and (iv) the objectives of our interest-rate risk and investment policies.

We continue to focus on maintaining a strong liquidity position. We have access to immediate liquid resources in cash and cash equivalents of $393.4 million at March 31, 2024, which are primarily on deposit with FRBB. Maturities and payments on outstanding loans and investment securities also provide a steady flow of funds. Liquidity is further enhanced by our ability to pledge loans to access secured borrowings from the FHLB and FRBB. As of March 31, 2024, we had additional borrowing capacity of $532.0 million from the FHLB and $364.0 million from the FRBB line based on the amount of collateral pledged. We also have additional borrowing capacity under a $25.0 million unsecured federal funds line with a correspondent bank. Potential sources of liquidity also include unpledged investment securities in our available-for-sale securities portfolio with a carrying value of $7.9 million and our ability to sell loans in the secondary market.

Our core deposits (which we define as deposits other than certificates of deposits) have historically provided us with a long-term source of stable and relatively lower cost source of funding. However, deposit inflows and outflows can vary widely and are influenced by prevailing market interest rates, competition, local and national economic conditions and fluctuations in our business customers' own liquidity needs and may be negatively impacted by unexpected deposit withdrawals from weakness in the financial markets and industry-wide reductions in liquidity. The Company utilizes third-party brokers to obtain brokered deposits to supplement core deposit fluctuations and loan growth. At March 31, 2024, the Company had $387.9 million in brokered deposits. Additional funding is available through the issuance of long-term debt or equity.

In the ordinary course of the Company's operations, the Company has entered into certain contractual obligations and has made other commitments to make future payments. At March 31, 2024, we had outstanding commitments to originate loans of $88.6 million and unadvanced funds on loans of $724.4 million. Certificates of deposit that are scheduled to mature within one year from March 31, 2024 totaled $1.16 billion.

The Company believes that it will be able to meet its contractual obligations as they come due through the maintenance of adequate cash levels and liquidity. Other than normal changes in the ordinary course of business, there have been no significant changes in the types of contractual obligations or amounts due since December 31, 2023.

Our ability to maintain adequate levels of liquidity is dependent on our ability to continue to maintain a strong risk profile and capital base. The Company and the Bank are subject to various regulatory capital requirements. At March 31, 2024, the Company and the Bank exceeded all regulatory capital requirements and were considered "well capitalized" under regulatory guidelines. See Note 12 of the Notes to Consolidated Financial Statements.

Non-GAAP Financial Measures and Reconciliation to GAAP

In addition to results presented in accordance with generally accepted accounting principles, this Form 10-Q contains certain non-GAAP financial measures. The Company believes that the supplemental non-GAAP information, which consists of the tangible-common-equity-to-tangible-assets ratio, is utilized by regulators and market analysts to evaluate a company's financial condition and therefore, such information is useful to investors. These disclosures should not be viewed as a substitute for financial results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures which may be presented by other companies. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names.

The following table reconciles the Company's tangible-common-equity-to-tangible-assets ratio for the periods indicated:

	March 31,	
	2024	2023
(dollars in thousands)		
Tangible common equity:		
Total stockholders' equity	$ 577,683	$ 599,794
Less: Goodwill	59,042	69,802
Less: Other intangible assets [1]	1,326	2,082
Tangible common equity	$ 517,315	$ 527,910
Tangible assets:		
Total assets	$ 5,862,222	$ 5,572,858
Less: Goodwill	59,042	69,802
Less: Other intangible assets [1]	1,326	2,082
Tangible assets	$ 5,801,854	$ 5,500,974
Tangible common equity / tangible assets [2]	8.92 %	9.60 %

[1] Other intangible assets are core deposit intangibles.
[2] This non-GAAP ratio is total stockholders' equity less goodwill and intangible assets to total assets less goodwill and intangible assets.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information required by this Item is included in Part I, Item 2 of this Quarterly Report on Form 10-Q under the heading “Management of Market Risk.”

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As required by Rule 13a-15 under the Exchange Act, the Company carried out an evaluation under the supervision and with the participation of the Company’s management, including the Company’s principal executive officer and principal financial officer, of the Company’s disclosure controls and procedures as of the period ended March 31, 2024. Based upon that evaluation, the principal executive officer and principal financial officer concluded that the Company’s disclosure controls and procedures are effective and designed to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and (ii) accumulated and communicated to the Company’s management including its Chief Executive Officer and Chief Financial Officer as appropriate to allow timely decisions regarding required disclosures. The Company will continue to review and document its disclosure controls and procedures and consider such changes in future evaluations of the effectiveness of such controls and procedures, as it deems appropriate.

Internal Control Over Financial Reporting

There were no changes in the Company’s internal controls over financial reporting during the quarter ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not involved in any material pending legal proceedings as a plaintiff or a defendant other than routine legal proceedings occurring in the ordinary course of business. We are not involved in any legal proceedings the outcome of which we believe would be material to our financial condition or results of operations.

ITEM 1A. RISK FACTORS

There have been no material changes in the risk factors described in Part I, Item 1A. “Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on March 7, 2024.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

a) **Unregistered Sales of Equity Securities.** None.

b) **Use of Proceeds.** None.

c) **Repurchase of Equity Securities.**

Period	Total number of shares (or units) purchased	Average price paid per share (or unit)	Total number of shares (or units) purchased as part of publicly announced plans or programs	Maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs
January 1 to January 31, 2024	20,100	$ 11.35	20,100	1,082,339
February 1 to February 29, 2024	248,800	10.50	268,900	833,539
March 1 to March 31, 2024	290,000	10.26	558,900	543,539
	558,900	$ 10.41	558,900	543,539

On July 5, 2023, the Company announced a sixth share repurchase program to repurchase up to 2,325,489 shares of its common stock, or approximately 5% of its outstanding shares. During the first quarter of 2024, the Company repurchased 558,900 shares at an average cost of $10.41 per share in open market transactions under the sixth share repurchase program. The sixth share repurchase program will expire on June 30, 2024.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

a) None.

b) None.

c) During the quarter ended March 31, 2024, none of the Company's directors or executive officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934) had in place, or adopted, modified, or terminated any contract, instruction, or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement" (as such term is defined in the Item 408 of Regulation S-K).

ITEM 6. EXHIBITS

The exhibits listed in the Exhibit Index are included in, or incorporated by reference into, this Quarterly Report on Form 10-Q.

EXHIBIT INDEX

The following exhibits are included in this Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 (and are numbered in accordance with Item 601 of Regulation S-K):

Exhibit No.	Description
10.27*†	Change in Control Agreement dated May 6, 2024 between HarborOne Bancorp, Inc. and Stephen W. Finocchio
31.1*	Certification of Chief Executive Officer Required by Rule 13a-14(a) and Rule 15d-14(a) of the Exchange Act
31.2*	Certification of Chief Financial Officer Required by Rule 13a-14(a) and Rule 15d-14(a) of the Exchange Act
32.1**	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	Interactive data files (formatted in Inline XBRL) pursuant to Rule 405 of Regulation S-T: (i) the Consolidated Balance Sheets as of March 31, 2024 and December 31, 2023, (ii) the Consolidated Statements of Income for the three months ended March 31, 2024 and 2023 (iii) the Consolidated Statements of Comprehensive (Loss) Income for the three months ended March 31, 2024 and 2023, (iv) the Consolidated Statements of Changes in Stockholders' Equity for the three months ended March 31, 2024 and 2023, (v) the Consolidated Statements of Cash Flows for the three months ended March 31, 2024 and 2023, and (vi) the Notes to the unaudited Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted in Inline XBRL and included in Exhibit 101)

*Filed herewith
**Furnished herewith
† Management contract or compensation plan or arrangement.

SIGNATURES

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

HarborOne Bancorp, Inc.

Date: May 7, 2024	By: /s/ Joseph F. Casey Joseph F. Casey President and Chief Executive Officer (Principal Executive Officer)
Date: May 7, 2024	By: /s/ Stephen W. Finocchio Stephen W. Finocchio Executive Vice President and Chief Financial Officer (Principal Financial Officer)

CHANGE IN CONTROL AGREEMENT

This Change in Control Agreement ("Agreement") is made as of this ___ day of May, 2024, by and among HarborOne Bancorp, Inc. a Massachusetts stock holding company (the "Company"), and it subsidiary, HarborOne Bank, a Massachusetts trust company with its main office in Brockton, Massachusetts (the "Bank") (the Bank and the Company shall be hereinafter collectively referred to as the "Employers"), and Stephen W. Finocchio (the "Employee").

1. Purpose. The Employers consider it essential to the best interests of its stockholders to promote and preserve the continuous employment of key management personnel. The Board of Directors of each of the Employers (collectively, the "Board") recognizes that, as is the case with many corporations, the possibility of a Change in Control (as defined in Section 2 hereof) exists and that such possibility, and the uncertainty and questions that it may raise among management, may result in the departure or distraction of key management personnel to the detriment of the Employers and their stockholders. Therefore, the Board has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Employers' key management, including the Employee, to their assigned duties without distraction in the face of potentially disturbing circumstances arising from the possibility of a Change in Control. Nothing in this Agreement shall be construed as creating an express or implied contract of employment and, except as otherwise agreed in writing between the Employee and the Employers, the Employee shall not have any right to be retained in the employ of the Employers.

2. Change in Control. A "Change in Control" shall be deemed to have occurred upon the occurrence of any one of the following events:

(a) any "Person," as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Act") (other than HarborOne Bancorp or the Company, any of their subsidiaries, or any trustee, fiduciary or other person or entity holding securities under any employee benefit plan or trust of the Company or any of its subsidiaries), together with all "affiliates" and "associates" (as such terms are defined in Rule 12b-2 under the Act) of such person, shall become the "beneficial owner" (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Company representing 40 percent or more of the combined voting power of the Company's then outstanding securities having the right to vote in an election of the Company's Board ("Voting Securities") (in such case other than as a result of an acquisition of securities directly from the Company or in connection with a public offering); or

(b) persons who, as of the date hereof, constitute the Company's Board (the "Incumbent Directors") cease for any reason, including, without limitation, as a result of a tender offer, proxy contest, merger or similar transaction, to constitute at least a majority of the

Company's Board, provided that any person becoming a director of the Company subsequent to the date hereof shall be considered an Incumbent Director if such person's election was approved by or such person was nominated for election by either (i) a vote of at least a majority of the Incumbent Directors or (ii) a vote of at least a majority of the Incumbent Directors who are members of a nominating committee comprised, in the majority, of Incumbent Directors; but provided further, that any such person whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of members of the Company's Board or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Company's Board, including by reason of agreement intended to avoid or settle any such actual or threatened contest or solicitation, shall not be considered an Incumbent Director; or

(c) the consummation of (i) any consolidation or merger of the Company where the stockholders of the Company, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, shares representing in the aggregate more than 50 percent of the voting shares of the Company issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any), or (ii) any sale, lease, exchange or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Company or of the Bank.

Notwithstanding the foregoing, a "Change in Control" shall not be deemed to have occurred for purposes of the foregoing clause (a) solely as the result of an acquisition of securities by the Company that, by reducing the number of shares of Voting Securities outstanding, increases the proportionate number of shares of Voting Securities beneficially owned by any person to 40 percent or more of the combined voting power of all then outstanding Voting Securities; provided, however, that if any person referred to in this sentence shall thereafter become the beneficial owner of any additional shares of Voting Securities (other than pursuant to a stock split, stock dividend, or similar transaction or as a result of an acquisition of securities directly from the Company) and immediately thereafter beneficially owns 40 percent or more of the combined voting power of all then outstanding Voting Securities, then a "Change in Control" shall be deemed to have occurred for purposes of the foregoing clause (a).

3. Terminating Event.

A "Terminating Event" shall mean any of the events provided in this Section 3:

(a) Termination by the Employers. Termination by the Employers of the employment of the Employee with the Employers for any reason other than for Cause, death or Disability. For purposes of this Agreement, "Cause" shall mean, as determined by the Company's Board in its good faith:

(i) conduct by the Employee constituting a material act of misconduct in connection with the performance of his duties, including, without limitation, misappropriation of funds or property of the Employers other than the occasional, customary and de minimis use of Employers' property for personal purposes; or

(ii) the commission by the Employee of any felony or a misdemeanor involving moral turpitude, deceit, dishonesty or fraud, or any conduct by the Employee that would reasonably be expected to result in material injury or reputational harm to the Employers if he were retained in his position; or

(iii) continued non-performance by the Employee of his duties to the Employers (other than by reason of the Employee's physical or mental illness, incapacity or disability) which has continued for more than 30 days following written notice of such non-performance from the Company's Board; or

(iv) a material violation by the Employee of the Employers' written employment policies; or

(v) failure to cooperate with a bona fide internal investigation or an investigation by regulatory or law enforcement authorities, after being instructed by the Employers to cooperate, or the willful destruction or failure to preserve documents or other materials known to be relevant to such investigation or the willful inducement of others to fail to cooperate or to produce documents or other materials in connection with such investigation.

A Terminating Event shall not be deemed to have occurred pursuant to this Section 3(a) solely as a result of the Employee being an employee of any direct or indirect successor to the business or assets of the Employers, rather than continuing as an employee of the Employers following a Change in Control. For purposes hereof, the Employee will be considered "Disabled" if, as a result of the Employee's incapacity due to physical or mental illness, the Employee shall have been absent from his duties to the Employers on a full-time basis for 180 calendar days in the aggregate in any 12-month period.

(b) Termination by the Employee for Good Reason. Termination by the Employee of the Employee's employment with the Employers for Good Reason. For purposes of this Agreement, "Good Reason" shall mean that the Employee has complied with the "Good Reason Process" (hereinafter defined) following, the occurrence of any of the following events:

(i) a material diminution in the Employee's responsibilities, authority or duties;

(ii) a material diminution in the Employee's base salary except for across-the-board salary reductions based on the Employers' financial performance similarly affecting all or substantially all senior management employees of the Employers;

(iii) a material change in the geographic location at which the Employee provides services to the Employers; or

(iv) the material breach of this Agreement by the Employers.

"Good Reason Process" shall mean that (i) the Employee reasonably determines in good faith that a "Good Reason" condition has occurred; (ii) the Employee notifies the Employers in writing of the first occurrence of the Good Reason condition within 60 days of the first occurrence of such condition; (iii) the Employee cooperates in good faith with the Employers' efforts, for a period not less than 30 days following such notice (the "Cure Period"), to remedy the condition; (iv) notwithstanding such efforts, the Good Reason condition continues to exist; and (v) the Employee terminates his employment within 60 days after the end of the Cure Period. If the Employers cure the Good Reason condition during the Cure Period, Good Reason shall be deemed not to have occurred.

4. Change in Control Payment. In the event a Terminating Event occurs within 12 months after a Change in Control, the following shall occur:

(a) the Employers shall pay to the Employee an amount equal to the sum of (i) the Employee's annual base salary in effect immediately prior to the Terminating Event (or the Employee's annual base salary in effect immediately prior to the Change in Control, if higher) and (ii) the Employee's average annual bonus over the three fiscal years immediately prior to the Change in Control, payable in one lump-sum payment within ten days following the Date of Termination; and

(b) if the Employee was participating in the Employers' group health and dental plans immediately prior to the Date of Termination and elects COBRA health continuation, then the Employers shall pay to the Employee a monthly cash payment for 18 months or the Employee's COBRA health continuation period, whichever ends earlier, in an amount equal to the monthly employer contribution that the Employers would have made to provide health and dental insurance to the Employee if the Employee had remained employed by the Employers.

5. Additional Limitation.

(a) Anything in this Agreement to the contrary notwithstanding, in the event that the amount of any compensation, payment or distribution by the Employers to or for the benefit of the Employee, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, calculated in a manner consistent with Section 280G of the Code and the applicable regulations thereunder (the "Aggregate Payments"), would be subject to the excise tax imposed by Section 4999 of the Code, then the Aggregate Payments shall be reduced (but not below zero) so that the sum of all of the Aggregate Payments shall be $1.00 less than the amount at which the Employee becomes subject to the excise tax imposed by Section 4999 of the Code; provided that such reduction shall only occur if it would result in the Employee receiving a higher After Tax Amount (as defined below) than the Employee would receive if the Aggregate Payments were not subject to such reduction. In such event, the Aggregate Payments shall be reduced in the following order, in each case, in reverse chronological order beginning with the Aggregate Payments that are to be paid the furthest in time from consummation of the transaction that is subject to Section 280G of the Code: (1) cash payments not subject to Section 409A of the Code; (2) cash payments subject to Section 409A of the Code; (3) equity-based payments and acceleration; and (4) non-cash forms of benefits; provided that in the case of all the foregoing Aggregate Payments all amounts or payments that are not subject to calculation under Treas. Reg. §1.280G-1, Q&A-24(b) or (c) shall be reduced before any amounts that are subject to calculation under Treas. Reg. §1.280G-1, Q&A-24(b) or (c).

(b) For purposes of this Section 5, the “After Tax Amount” means the amount of the Aggregate Payments less all federal, state, and local income, excise and employment taxes imposed on the Employee as a result of the Employee’s receipt of the Aggregate Payments. For purposes of determining the After Tax Amount, the Employee shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation applicable to individuals for the calendar year in which the determination is to be made, and state and local income taxes at the highest marginal rates of individual taxation in each applicable state and locality, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

(c) The determination as to whether a reduction in the Aggregate Payments shall be made pursuant to Section 5(a) shall be made by a nationally recognized accounting firm selected by the Employers (the “Accounting Firm”), which shall provide detailed supporting calculations both to the Employers and the Employee within 15 business days of the Date of Termination, if applicable, or at such earlier time as is reasonably requested by the Employers or the Employee. Any determination by the Accounting Firm shall be binding upon the Employers and the Employee.

6. Section 409A.

(a) Anything in this Agreement to the contrary notwithstanding, if at the time of the Employee’s “separation from service” within the meaning of Section 409A of the Code, the Employers determine that the Employee is a “specified employee” within the meaning of Section 409A(a)(2)(B)(i) of the Code, then to the extent any payment or benefit that the Employee becomes entitled to under this Agreement on account of the Employee’s separation from service would be considered deferred compensation subject to the 20 percent additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (A) six months and one day after the Employee’s separation from service, or (B) the Employee’s death.

(b) The parties intend that this Agreement will be administered in accordance with Section 409A of the Code. To the extent that any provision of this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner so that all payments hereunder comply with Section 409A of the Code. The parties agree that this Agreement may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section 409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

(c) All in-kind benefits provided and expenses eligible for reimbursement under this Agreement shall be provided by the Employers or incurred by the Employee during the time periods set forth in this Agreement. All reimbursements shall be paid as soon as administratively practicable, but in no event shall any reimbursement be paid after the last day of the taxable year following the taxable year in which the expense was incurred. The amount of in-kind benefits provided or reimbursable expenses incurred in one taxable year shall not affect the in-kind benefits to be provided or the expenses eligible for reimbursement in any other taxable year. Such right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(d) To the extent that any payment or benefit described in this Agreement constitutes "non-qualified deferred compensation" under Section 409A of the Code, and to the extent that such payment or benefit is payable upon the Employee's termination of employment, then such payments or benefits shall be payable only upon the Employee's "separation from service." The determination of whether and when a separation from service has occurred shall be made in accordance with the presumptions set forth in Treasury Regulation Section 1.409A-1(h).

(e) The Employers make no representation or warranty and shall have no liability to the Employee or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

7. Term. This Agreement shall take effect on the date first set forth above and shall terminate upon the earlier of (a) the termination of the Employee's employment for any reason prior to a Change in Control, (b) the termination of the Employee's employment with the Employers after a Change in Control for any reason other than the occurrence of a Terminating Event, or (c) the date which is 12 months after a Change in Control if the Employee is still employed by the Employers.

8. Withholding. All payments made by the Employers to the Employee under this Agreement shall be net of any tax or other amounts required to be withheld by the Employers under applicable law.

9. Notice and Date of Termination.

(a) Notice of Termination. After a Change in Control and during the term of this Agreement, any purported termination of the Employee's employment (other than by reason of death) shall be communicated by written Notice of Termination from one party hereto to the other party hereto in accordance with this Section 9. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon.

(b) Date of Termination. "Date of Termination" shall mean: (i) if the Employee's employment is terminated by his death, the date of his death; (ii) if the Employee's employment is terminated on account of Employee's Disability or by the Employers with or without Cause, the date on which Notice of Termination is given; (iii) if the Employee's employment is terminated by the Employee without Good Reason, 30 days after the date on which a Notice of Termination is given, and (iv) if the Employee's employment is terminated by the Employee with Good Reason, the date on which a Notice of Termination is given after the end of the Cure Period. Notwithstanding the foregoing, in the event that the Employee gives a

Notice of Termination to the Employers, the Employers may unilaterally accelerate the Date of Termination and such acceleration shall not result in a termination by the Employers for purposes of this Agreement.

10. No Mitigation. The Employers agree that, if the Employee's employment by the Employers is terminated during the term of this Agreement, the Employee is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Employee by the Employers pursuant to Section 4 hereof. Further, the amount of any payment provided for in this Agreement shall not be reduced by any compensation earned by the Employee as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Employee to the Employers or otherwise.

11. Arbitration of Disputes. Any controversy or claim arising out of or relating to this Agreement or the breach thereof or otherwise arising out of the Employee's employment or the termination of that employment (including, without limitation, any claims of unlawful employment discrimination whether based on age or otherwise) shall, to the fullest extent permitted by law, be settled by arbitration in any forum and form agreed upon by the parties or, in the absence of such an agreement, under the auspices of the American Arbitration Association ("AAA") in Boston, Massachusetts in accordance with the Employment Dispute Resolution Rules of the AAA, including, but not limited to, the rules and procedures applicable to the selection of arbitrators. In the event that any person or entity other than the Employee or the Employers may be a party with regard to any such controversy or claim, such controversy or claim shall be submitted to arbitration subject to such other person or entity's agreement. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. This Section 11 shall be specifically enforceable. Notwithstanding the foregoing, this Section 11 shall not preclude either party from pursuing a court action for the sole purpose of obtaining a temporary restraining order or a preliminary injunction in circumstances in which such relief is appropriate; provided that any other relief shall be pursued through an arbitration proceeding pursuant to this Section 11.

12. Consent to Jurisdiction. To the extent that any court action is permitted consistent with or to enforce Section 11 of this Agreement, the parties hereby consent to the jurisdiction of the Superior Court of the Commonwealth of Massachusetts and the United States District Court for the District of Massachusetts. Accordingly, with respect to any such court action, the Employee (a) submits to the personal jurisdiction of such courts; (b) consents to service of process; and (c) waives any other requirement (whether imposed by statute, rule of court, or otherwise) with respect to personal jurisdiction or service of process.

13. Integration. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes in all respects all prior agreements between the parties concerning such subject matter.

14. Successor to the Employee. This Agreement shall inure to the benefit of and be enforceable by the Employee's personal representatives, executors, administrators, heirs, distributees, devisees and legatees. In the event of the Employee's death after a Terminating Event but prior to the completion by the Employers of all payments due him under this Agreement, the Employers shall continue such payments to the Employee's beneficiary

designated in writing to the Employers prior to his death (or to his estate, if the Employee fails to make such designation).

15. Enforceability. If any portion or provision of this Agreement (including, without limitation, any portion or provision of any Section of this Agreement) shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

16. Waiver. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of this Agreement, or the waiver by any party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

17. Notices. Any notices, requests, demands and other communications provided for by this Agreement shall be sufficient if in writing and delivered in person or sent by a nationally recognized overnight currier service of by registered or certified mail, postage prepaid, return receipt requested, to the Employee at the last address the Employee has filed in writing with the Employers, or to the Employers at its main office, attention of the Board of Directors.

18. Amendment. This Agreement may be amended or modified only by a written instrument signed by the Employee and by duly authorized representatives of the Employers.

19. Effect on Other Plans. An election by the Employee to resign after a Change in Control under the provisions of this Agreement shall not be deemed a voluntary termination of employment by the Employee for the purpose of interpreting the provisions of any of the Employers' benefit plans, programs or policies. Nothing in this Agreement shall be construed to limit the rights of the Employee under the Employers' benefit plans, programs or policies except as otherwise provided in Section 5 hereof, and except that the Employee shall have no rights to any severance benefits under any Company or Bank severance pay plan. In the event that the Employee is party to an employment agreement with the Employers providing for change in control payments or benefits, the Employee may receive payment under this Agreement only and not both. The Employee shall make such an election in the event of a Change in Control.

20. Governing Law. This is a Massachusetts contract and shall be construed under and be governed in all respects by the laws of the Commonwealth of Massachusetts, without giving effect to the conflict of laws principles of such Commonwealth. With respect to any disputes concerning federal law, such disputes shall be determined in accordance with the law as it would be interpreted and applied by the United States Court of Appeals for the First Circuit.

21. Successors to Employers. The Employers shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of

the business or assets of the Employers expressly to assume and agree to perform this Agreement to the same extent that the Employers would be required to perform it if no succession had taken place. Failure of the Employers to obtain an assumption of this Agreement at or prior to the effectiveness of any succession shall be a material breach of this Agreement.

22. Gender Neutral. Wherever used herein, a pronoun in the masculine gender shall be considered as including the feminine gender unless the context clearly indicates otherwise.

23. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be taken to be an original; but such counterparts shall together constitute one and the same document.

24. Allocation of Obligations Between Employers. The obligations of the Employers under this Agreement are intended to be the joint and several obligations of the Bank and the Company, and the Employers shall, as between themselves, allocate these obligations in a manner agreed upon by them.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties have executed this Agreement effective on the date and year first above written.

HARBORONE BANCORP, INC.

By: ______________________________
Name: Joseph F. Casey
Title: President and Chief Executive Officer

HARBORONE BANK

By: ______________________________
Name: Joseph F. Casey
Title: President and Chief Executive Officer

____

Stephen W. Finocchio

[Change in Control Agreement Signature Page]

Exhibit 31.1

CERTIFICATION PURSUANT TO
EXCHANGE ACT RULE 13a-14(a) AND RULE 15d-14(a)

I, Joseph F. Casey, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of HarborOne Bancorp, Inc.;

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

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

4. The registrant's other certifying officer(s) 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)) 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) [paragraph omitted in accordance with Exchange Act Rule 13a-14(a)];

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

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

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

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

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

Date: May 7, 2024

By: /s/Joseph F. Casey
Joseph F. Casey
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
EXCHANGE ACT RULE 13a-14(a) AND RULE 15d-14(a)

I, Stephen Finocchio, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of HarborOne Bancorp, Inc.;

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

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

4. The registrant's other certifying officer(s) 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)) 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) [paragraph omitted in accordance with Exchange Act Rule 13a-14(a)];

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

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

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

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

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

Date: May 7, 2024

By: /s/Stephen Finocchio
Stephen Finocchio
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of HarborOne Bancorp, Inc. (the "Company") for the period ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company hereby certifies, pursuant to 18 U.S.C. Section 1350, that to his knowledge:

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

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

Date: May 7, 2024

By: /s/Joseph F. Casey
Joseph F. Casey
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 7, 2024

By: /s/Stephen Finocchio
Stephen Finocchio
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)